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WORLD NEWS

Subsidies to help working miners move

Government is planning its strategy for the end of the miners' strike and is stressing the theme of reconciliation.

It will subsidise working miners who move from striking areas to those, such as Nottinghamshire, where most miners have worked. Back Page; Details, Page 4

Carrington meets Kent

NATO Secretary General Lord Carrington met CND general secretary Monsigner Bruce Kent in Brussels as part of a dialogue with critics of alliance strategy.

Vietnam aid veto

EEC and Association of South-east Asian Nations agreed in Dublin to give no aid to Vietnam that would aid its occupation of Kampuchea. At the UN, Vietnama proposed talks with Asean to settle differences over Kampuchea and other issues.

Drought 'threatens 9m'

Ethiopian relief agency leader said his country needed double the aid estimated a month ago because famine threatened 9m people against earlier figures of 6.4m.

Town recaptured

Zaire said it had recaptured a rebel-held town in Shaba province and killed 100 armed intruders from Tanzania.

Svetlana 'felt guilty'

Stalin's daughter Svetlana said she returned to the Soviet Union because she felt guilty and homesick and had not a moment of fredom in the West.

Damages claim

Four Fleet Street print workers, two of them from the Financial Times, will face damages claims for the part they are alleged to have played in a printers' walkout that stopped all national newspaper publishing one weekend last year. Page 4

Beauty contests dropped

Michael Grade, controller of BBC 1 television is to end coverage of beauty contests after Miss Great Britain is chosen in January because they "verge on the offensive." Licence fee plan, Page 3

Fares to rise

British Rail fares will rise about 6.5 per cent, and London Regional Transport's by 9 per on January 6. Page 4

Students stop MPs

Tory MPs Harvey Proctor and John Carlisle abandoned individual plans to speak at Coventry Polytechnic and York University after student protests. At Coventry, Mr Proctor was attacked and splashed with red paint.

Ripper writ

Mether of Yorkshire Ripper's final victim Jacqueline Hill has issued a writ against West Yorkshire's chief constable alleging negligance during the five year hunt for the mass murderer.

Post early . . . for 1998

Post Office brought forward to Tuesday the last posting for Christmas airmeil to St Helena in the south Atlantic. In Torquay, a postcard arrived from Clevedon, near Bristol, 14 years and a week after posting.

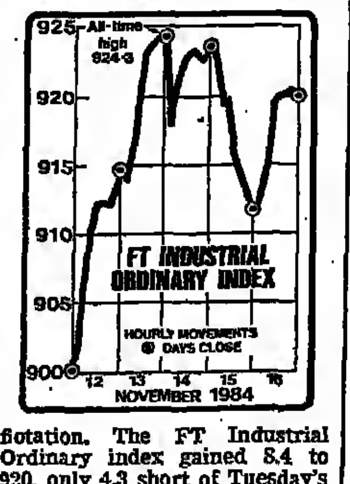
BUSINESS SUMMARY

Inflation rises to 5% in October

INFLATION edged up in October to an annual rate of 5 per cent, compared with 4.7 per cent in September, according to official figures. The rise reflected dearer beer and petrol, and higher mortgage interest payments and housing repair costs. Back Page

PUBLIC SECTOR borrowing totalled £448m last month, bringing the total since the start of the financial year to £7.67bn. The increase was higher than most City expectations. Page 3

EQUITIES recovered after Thursday's technical reaction, in markets still dominated by the impending British Telecom



flotation. The FT Industrial Ordinary index gained 8.4 to 920, only 4.3 short of Tuesday's peak. Page 30

BANK SHARES fell on rumours of large Middle East loan problems. Lloyds Bank, which lost 20p after hours to 510p, said it knew of nothing in the Middle East or elsewhere which could justify the fall in its share price. Other clearing banks also denied any big loan losses. Market report, Page 30

ARTHUR GUINNESS, brewing and retailing group, bought Champneys Group, health spa operator, for £3m. Back Page Keep fit with Guinness, Page 3

TRAFALGAR HOUSE, construction group, is considering a bid for Vicker's Shipbuilding and Engineering, which is to be sold by the Government as part of plans to privatise warship yards. Page 3

RENAULT of France envisages cutting 5,000 to 6,000 jobs through early retirement, in draft proposals which it hopes will form the basis of egreement with the unions. Page 2

SOUTH AFRICA: Three leading commercial banks announced prime rate cuts, with Barclays deciding on a 2 percentage point drop to 23 per cent. Page 2

WESTPAC Banking, Australia's biggest bank, lifted net earnings by 38 per cent to A$305.9m (£207.9m) in the year to September 30, and plans a A$252m one-for-four rights issue. Page 27

BASF, West German chemical group, raised worldwide pre-tax profits by 75.6 per cent to DM 1.84bn (£494.6m) in the first nine months of this year. Page 27

INDY ELECTRONICS of California is to spend £20m on an electronics plant in Scotland which is expected to create 500 jobs. Page 3

CULLENS STORES, loss-making 100-shop concern, is tha subject of a £6.6m bid from three former Imperial Group executives. Page 24

BT issue expected to be oversubscribed

BY GUY DE JONQUIERES AND ALISON HOGAN

THE BRITISH TELECOM offer share price, fixed yesterday at 130p, is expected to lead to both an oversubscription to the biggest equity issue in history, and a substantial premium on the price when dealings start.

Kleinwort Benson, the merchant bank advising the Government on the sale of the shares, forecast yesterday that they would be oversubscribed when the offer closes on November 28.

Leading City institutions believe that once dealing starts in BT shares early next month they *will rise to a premium of* 10p to 15p above the offer price, which values the 50.2 per cent of BT shares being sold at £3,926bn, close to the Government's *uppermost* target of £4bn.

Kleinwort Benson said that "vigilant and severe" measures were planned to prevent multiple applications by individual subscribers when the issue went on sale on Tuesday. Preliminary legal advice had indicated that anyone making more than one application could be prosecuted for criminal fraud.

Institutional demand for the shares has clearly not been satisfied. The entire issue was easily underwritten yesterday morning, and many institutions both in Britain and abroad said that they would have been ready to accept more shares than were allotted to them.

The Government has received binding commitments from about 500 institutions to take 55 per cent of the issue. "The Secretary of State for Industry is certain of his money," Mr Martin Jacomb, vice-chairman of Kleinwort Benson, said.

British institutions have been alletted 1.43m shares, or 47 per cent of the issue, while BT employees and the general public will be offered up to 1.17m shares, or 39 per cent.

Kleiowort Bensoo said it was too early to predict the response from small investors, but expressed confidence that demand would be strong. BT has received 1.25m inquiries about the issue, and more than 5m special abridged prospectuses are being printed.

Institutions in the U.S., Canada and Japan have been allocated 415m shares, or 13.7 per cent of the issue. Kleinwort Benson had obtained authorisation to sell up to 23 per cent of the issue in those countries, and said there was institutional demand for "substantially" more than that amount.

In the Commons Mr Alan Williams, a Labour spokesman

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BT "undervalued." Page 3
Should you buy the shares, Page 24
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MAIN FEATURES OF THE BT SHARE FLOTATION

Offer price: 130p per share
Dividend yield: 7.14 per cent
Price/earnings ratio: 9.35
Value of offer: £3.916bn (50.2 per cent of total)
Total market capitalisation: £7.8bn

ALLOCATION OF ISSUE

Institutions (UK and some Continental): 1.428m shares (47 per cent) worth £1.857bn
UK public and BT employees: 1.169m shares (39 per cent) worth £1.52bn
U.S., Canada and Japan: 415m shares (14 per cent) worth £539m

Welcome around world

By Our Foreign and Financial Staff

THE BRITISH Telecom issue news received an enthusiastic reception around the world.

Kleinwort Benson, the merchant bank advising the Government, has reserved 13.7 per cent of the 3bn shares on offer to syndicates in Japan, the U.S. and Canada. This is a reduction from the original 23 per cent registered with the relevant stock exchanges.

The final distribution between the countries will be made at the time of allocation of shares after the offer closes. Japan and the U.S. are expected to receive about 6 per cent each, the remaining 2 per cent *going to Canada*.

"Every account in our universe is interested in British Telecom," said Jefferies & Co., the U.S. institutional dealer, *after news of the pricing was* given yesterday.

Mr Sean Roche, of Putnam International Advisors, the Boston fund management group, said he expected the U.S. offer, worth about $490m, to be oversubscribed.

"The shares could well go to a premium of up to 15 to 20 per cent," he said.

Merrill Lynch, the largest retail broker in the U.S., said demand from individual investors, as well as from institutions, was "extremely strong and broad-based."

Mr Peter Toczek, president of New York and Foreign Securities, which deals extensively in European stocks, said that the shares were likely to go to a 10 per cent premium in the early after-market, though there was slight disappointment that the price was right at the top end of early estimates.

The Canadian syndicate of underwriters, led by McLeod Young Weir, asked for an allocation of 90m shares. *Mr Wayne* Fox, vice-president of Wood, Gundy Inc., a leading Canadian broker, said: "We could do more than that."

Mr Fox singled out the weak exchange rate of the pound, the rarity of large public offerings of foreign securities in Canada, and BT's own business prospects as reasons for the lively interest among Canadian investors.

Continued on Back Page

Bill offers new deal on pensions

BY ERIC SHORT

THE GOVERNMENT yesterday took its first major step on the road to reforming and restructuring the UK pensions industry.

The Social Security Bill sets out proposals to give a new deal for employees who switch jobs and to force pension schemes to provide employees with details of benefits and financial status.

Under the Bill, employees *who change jobs* will have their pensions accrued in their earlier job or jobs protected against inflation of up to 5 per cent a year and will also be able to transfer pension rights.

At present employees changing jobs after at least five years' service are entitled to a deferred pension based on length of service and salary at the time of leaving. The Bill proposes that, for employees changing jobs from January 1 1986, deferred pension rights accruing since January 1 1985 will be revalued by 5 per cent a year, or by the movement in the retail price index if less.

The time limits mean that the improvements become really meaningful only for employees changing jobs in the next century, while the protection afforded will be less than complete if the inflation rate rises above its present level.

All employees changing jobs and entitled to a deferred pension will have the right to the equivalent lump sum transfer payment.

Employees can use their transfer payment to buy pension rights in their new schemes, although the scheme is not obliged to take the payment, or buy an annuity with a life company.

The Bill proposes that pension scheme members and their spouses will get, as of right, basic information such as their accrued benefits in the scheme. Other information on how the schemes are funded, their financial state and the investment of funds will be available on demand.

Details have yet to be decided, but the intention is that the information should be sufficiently detailed to allow full exoert analysis of the scheme.

Thus is would appear that the right of access to information will be of more value to employees' trade union representatives, who can hire the experts needed for the analysis, than to the employees themselves.

Another major change contained in the Bill is the establishment of a registry of pension schemes, similar to the Companies Register, with which schemes will have to file information such as annual reports and scheme documents. This information will be available to the public.

The Bill also takes the opportunity to extend tha operations of the Statutory Sick Pay Scheme, so that employers will now be responsible for making the full 28 weeks' sick payment to their employees who fall ill, instead of just the first eight weeks. In addition employers, but not employees, will no longer have to pay National Insurance contributions on sick payments.

Finally, the Bill requires Mr Fowler in next year's review of Social Security benefits, to restore the 5 per cent abatement on invalidity pensions. Under the 1980 pensions uprating, the increase in invalidity pensions was reduced by 5 per cent to allow for the fact that the pensions were not taxed. They have now been brought within the tax net.

Details, Page 4
Savings and Investment, Page 8

Social Security Bill: main points

OCCUPATIONAL PENSIONS

- Deferred pensions to be revalued by 5 per cent a year or the movement in the Retail Price Index, whichever is less, for people changing jobs from January 1, 1986.
- Employees to have right to transfer payments instead of deferred pensions.
- Compulsory disclosure of information to employees and spouses
- Establishment of a Pensions Registry

SOCIAL SECURITY

- Period in which employers make payments under Statutory Sick Pay scheme extended from 8 weeks to 28 weeks
- Restoration of 5 per cent abatement on invalidity pensions.

Concern in Administration over Fed's tight monetary policies

BY STEWART FLEMING IN WASHINGTON

THERE IS growing concern within the U.S. Administration about the tight monetary policies of the Federal Reserve Board, the U.S. central bank.

Mr Donald Regan, the Treasury Secretary, has told President Ronald Reagan and his cabinet that he is worried that the Federal Reserve Board is keeping monetary policy too tight and there is a danger that the economic slowdown could continue.

Mr Regan's remarks, made on Thursday at one of this week's series of cabinet meetings on budget strategies, are being echoed *in other parts of the* Administration. Even in the Office of Management and Budget, whose director Mr David Stockman is not counted among the monetarist *critics* of the Federal Reserve, officials say there is concern about the sluggish monetary growth in recent months.

Mr Robert Ortner, chief economist at the Commerce Department was reported as saying that he expected fourth quarter real growth to be under 3 per cent and some economists are suggesting that next week could see a downward revision in the third quarter gross national product figure which was originally reported at 2.7 per cent.

Yesterday saw further signs of the economic slowdown with the Federal Reserve Board reporting that capacity utilisation in U.S. industry fell slightly to 81.8 per cent in October from 82 per cent in September and 82.6 per cent in August. Meanwhile, on Wall Street there is widespread speculation that recent Federal Reserve open market activity may be signalling another move by the Federal Reserve Board gently to ease monetary policy.

The White House debate about the budget deficit appears to have produced more gloom than clarity. Officials said yesterday that the President had made it clear that he was not prepared to lead the way next year by proposing a budget compromise including revenue raising measures but that instead he would want to present "an impressive array of spending cuts."

A top level budget working group including Mr James Baker, White House Chief of Staff, is working out the cuts. It is part of a twin track approach which includes the normal government wide review of spending and search for efficiencies which Mr Stockman is pushing ahead. Government pensions and the farm programme are cited as prime targets for action, with the caveat that it is Congress which ultimately makes the decisions and it is impossible to predict which way Congress will go.

What is clear, however, is that the deeper than expected *economic slowdown, which* has helped force the Administration to revise forecasts for tha current year's budget deficit, from $172bn to $210bn is worrying the White House and that efforts are under way to try to pressure the Federal Reserve into easing its monetary policy.

Austin Rover says offer not negotiable

BY ARTHUR SMITH AND RAYMOND HUGHES

AUSTIN ROVER, BL's volume cars division, yesterday insisted that it would not negotiate on *its final pay offer*. The statement came *after union* leaders had decided at an emergency meeting to maintain their strike.

The stage looks set for a damaging confrontation between the company and most of the unions involved—particularly the largest, the Transport and General Workers.

Austin Rover will seek immediate sequestration of the assets of six trade unions in the High Court on Monday. It alleges thay have disobeyed a court order to call off the strike mada under the Trade Union Act 1984.

The wording of the company's claim that the TGWU and five other unions are in *contempt of court suggests it is* hoping to leapfrog the fine that in recent years has been the invariable first stage in punishments imposed on this issue.

It wil be for the judge, Mr Justice Hodgson, however, to decide the penalty. He may choose to impose fines, leaving the additional weapon of sequestration for use if these are not paid.

The union sida of the Austin Rover negotiating committee, which has eight unions *representing the 28,000 manual workers*, met in Coventry to review the strike amid company claims that support for it was crumbling.

The Amalgamated Union of Engineering Workers and the electricians, each of which has avoided High Court injunctions by repudiating the strike and declaring it unofficial, dissociated themselves from the recommendation to continue the strike. It is significant, however, that the engineers, as the *second* biggest union, merely abstained in the actual vote.

The company must have hoped leaders of the two unions, having declared in court that the pay offer should be accepted, would have taken a more positive line.

The Austin Rover union negotiators travelled straight from Coventry *to a hastily*-convened meeting with management near Warwick. There tha company made clear it was not prepared to negotiate on its *final offer*.

Austin Rover has offered a 10.2 per cent pay rise spread over two years in response to a demand for an immediate 20 *per cent* increase.

The company seems confident it can rida out the dispute. It says 11 component factories are working normally and that *action is confined to the two* large assembly complexes at Cowley, Oxford, and Longbridge, Birmingham.

Austin Rover says picket *lines have already been crossed* by 2,250 of the 11,000 workers at Longbridge and by one in five of the 5,000 workers at Cowley assembly plant. The unions dispute these figures.

MARKETS

DOLLAR	STERLING
New York lunchtime:	New York lunchtime: $1.256
DM 2.9667	London: $1.255 (1.2625)
FFr 9.1125	DM 3.72 (3.7425)
SwFr 2.447	FFr 11.42 (11.485)
Y242.72	SwFr 3.07 (3.08)
London:	Y304.5 (305.75)
DM 2.9675 (2.961)	Sterling Index 76.4 (76.5)
FFr 9.125 (9.0875)	**LONDON MONEY**
SwFr 2.452 (2.441)	3-month interbank:
Y242.8 (242.35)	mid rate 9 11/16% (9 3/4)
Dollar Index 139 (139.1)	3-month eligible bills:
Tokyo close Y242.4	buying rate 9 5/16% (9 21-64ths)
U.S. LUNCHTIME RATES	**STOCK INDICES**
Fed Funds 9 1/4%	FT Ind Ord 920 (+8.4)
3-month Treasury Bills:	FT-A All Share 554.83 (+0.5%)
8.56%	FT-SE 100 1,173.5 (+8.6)
Long Bond: 100 19/32	FT-A long gilt yield index:
yield: 11.66	High coupon 10.05 (10)
GOLD	New York lunchtime:
New York: Comex Nov latest	DJ Ind Av 1,199.43 (−6.73)
$344.6	Tokyo:
London: $345.25 ($344)	Nikkei Dow 11,271.45 (−30.17)

Chief price changes yesterday, Back Page

CONTINENTAL SELLING PRICES: Austria Sch 16; Belgium Fr 38; Denmark Kr 7.25; France Fr 6.00; W. Germany DM 2.20; Italy L1,200; Netherlands Fl 2.50; Norway Kr 6.00; Portugal Esc 75; Spain Pta 100; Sweden Kr 6.50; Switzerland Fr 2.00; Ireland 60p; Malta 30c.

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For London market and latest share index, 01-246 8026; overseas markets, 01-246 8086.

Bonn parties divided over income disclosure moves

BY RUPERT CORNWELL IN BONN

WEST GERMANY's political parties, badly shaken by the "Flick Affair," broadly agree that parliamentarians should be forced to give greater account of the income they receive from other sources, like companies and interest groups. But they are sharply divided on how such a practice should be carried out.

The differences emerged vividly yesterday during a keynote Bundestag debate on the whole issue of party financing in the wake of the continuing scandal here over political payments made by Flick and other industrial groups.

Speakers from all sides admitted the dangerous loss of prestige and credibility that the affair had brought upon the political establishment. But they emphasised — at least with the exception of the radical Greens — that despite the furore, governments and individual deputies were not "up for sale" to powerful industrial interests.

The debate was bitterly partisan as the centre-right parties of the Government and the Social Democrat (SPD) opposition swapped accusations over who had received the most in suspect donations and argued over how the practice

Arguing that such a provision could threaten perfectly legitimate, above-board professional activities of MPs, Herr Heiner Geissler, the CDU's general secretary suggested that deputies henceforth be obliged to declare such non-should be stamped out in future.

The SPD, and especially the Greens, want what amounts to full public disclosure of all such parallel income. But the three coalition parties, the Christian Democrats, the Bavarian CSU, and the liberal Free Democrats (FDP) are opposed to such a move.
parliamentary earnings to a special committee of the Bundestag.

Proposals to tackle the problem — spotlighted in October by the resignation of Bundestag President Herr Rainer Barzel amid allegations he had secretly received DM 1.7m from Flick in the 1970s — are due to be formulated soon. But it is obvious that agreement will be difficult.

The SPD speakers, led by the party's parliamentary leader, Herr Hans-Jochen Vogel, charged that the CDU, CSU and FDP had been the worst offenders.

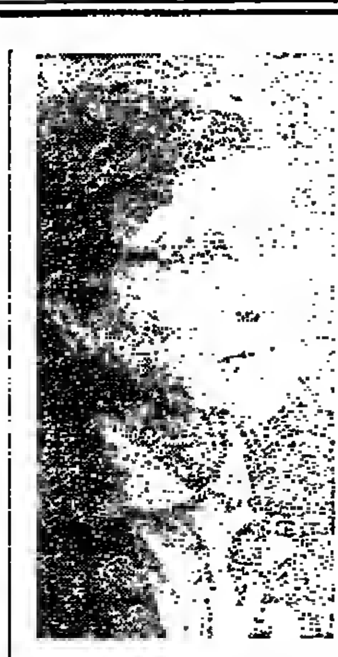
Herr Vogel accused Chancellor Helmut Kohl, who did not take part in the debate, of being personally responsible for the damage done to parliament's prestige by condoning past donations which had been in breach of tax laws.

Magistrates up and down West Germany are currently conducting some 2,000 investigations into possible irregularities through clandestine payments to political parties.

The government parties signalled yesterday that they have no plans to resuscitate the discredited notion of a retroactive amnesty for such offenders.

But they repeatedly accused the SPD—in power at the time of the contested DM 800m capital gains tax waiver for Flick a few years ago—of being equally compromised by concealed donations.

One of the few participants to rise above the inter-party fray was Frau Hildegard Hamm-Bruecher of the FDP. Deploring the failure of the parties to produce a joint resolution for the debate, she referred to their "common shame" over the events of the past.



Svetlana says guilt forced her return

By Patrick Cockburn in Moscow

JOSEF STALIN'S daughter Svetlana said yesterday she had never planned to defect from the Soviet Union in 1967 and she returned last month after 17 years because she was not free in the West and wanted to see her children.

Speaking in Russian at a press conference, Svetlana who prefers to use her mother's name, Alliluyeva, explained she had always felt guilty about her defection.

"The sense of profound guilt never left me during all those years no matter how hard I tried to live like other Americans," she said.

The immediate cause of her return was the illness of her 38-year-old son Joseph in the Soviet Union. She immediately wrote to the Soviet Ambassador in London and flew back to Moscow. Her Soviet citizenship, of which she was stripped in 1970, was restored earlier this month.

"I could not stand the family separation any longer and wrote my request," she said. "The decision to return has helped get rid of my sense of guilt," she added.

Svetlana's explanation of her return was given at a press conference arranged at the Soviet Foreign Ministry yesterday. Part of the Western press was excluded, apparently at her request, including all the American television networks. This followed a contretemps in the street outside her hotel on Thursday when she abused American television reporters who sought to interview her.

During her years in the West she said she "Became a favorite pet of the CIA." In New York she was compelled to associate with publishers, lawyers and businessmen and she was told how and what to write she said, she no longer had any interest in politics.

Chernenko more confident about economy

By Patrick Cockburn in Moscow

PRESIDENT Chernenko says that the Soviet economy has turned the corner over the last two years but still suffers from major difficulties such as poor quality goods and shoddy work.

All increases in industrial output should come from greater productivity, not from more investment, he said in an address to the Politburo reprinted in yesterday's papers.

Coal and oil production were below target and a third of all trucks were off the road at any one time.

The tone of the speech, however, is said by diplomats to be more relaxed than similar addresses in recent years, possibly indicating greater confidence in the economy.

Substantial numbers of Libyans still in Chad, says Mitterrand

BY DAVID MARSH IN PARIS

PRESIDENT Francois Mitterrand yesterday admitted that sizeable numbers of Libyan soldiers were still in the strife-torn central African state of Chad in contravention of a troop pull-out accord which both sides said had been completed last weekend.

M Mitterrand, in a declaration before the press at the Elysee Palace, defended his surprise talks in Crete on Thursday with Col Muammer Gadaffi, the Libyan leader, as helping to bring peace to Chad and to normalise relations with Libya.

Although forced on to the defensive by strong opposition criticism of the Government's apparent uncertainty over Chad, M Mitterrand reaffirmed that France was insisting on "total evacuation" of Libyans from the north of the country.

This was the condition which had to be met before "normal relations" between France and Libya could resume—an objective desired by Col Gadaffi, he said.

M Mitterrand said that two to three battalions of Libyan soldiers—or 600 to 1,200 men—remained in Chad without heavy armament or aeroplanes.

M Roland Dumas, the Government spokesman, put the numbers with more precision at 800 to 1,000 troops. This would represent about one-fifth of the roughly 5,500 Libyans believed to have been in northern Chad at the height of tension in the country over the past 16 months.

M Mitterrand said the Libyan withdrawal had slowed down, and even been replaced by a reinforcement, over the past week.

But he stressed that Col Gadaffi had assured him that "orders had been given" for a full pull-out.

In pointed reference to U.S. claims that most of the original 5,500 contingent was still in Chad—whereas all but about 100 of France's previous force of 3,300 in the south had now been pulled out—M Mitterrand said the Libyan numbers were "less than stated according to certain foreign information."

The leaking of U.S. information, garnered from observation satellites, about Libyan and rebel troop movements in northern Chad has been a constant feature of the Franco-American war of nerves over the country since summer 1983.

M Dumas, speaking to a journalists' lunch, did not dispute that U.S. information had recently been passed to the French, but denied that the Paris Government had seen specific satellite photographs.

The right-wing opposition meanwhile continued to try to make political capital out of the affair. The opposition Figaro newspaper said yesterday that the French pull-out amounted to a "flight" which had cost France dearly in its African policy.

M Jean-Marie Le Pen, the ultra-right National Front leader, compared M Mitterrand's Crete trip with appeasement of Hitler at Munich.

French Socialists launch attack on Right

BY DAVID HOUSEGO IN PARIS

PRESIDENT MITTERRAND yesterday lent his shoulder to the launching of the Government's campaign for the 1986 parliamentary elections with statements that mark a shift back to the militant Socialist language of 1981.

The change in tone follows an equally strong attack on the right in the National Assembly on Wednesday by M Laurent Fabius, the Prime Minister, that led opposition groups to walk out of the National Assembly.

Last weekend M Fabius indicated that the Government would go on the "counter-offensive"—a remark that reflects a hardening of attitudes on both right and left as both sides begin preparation for what is seen as a bitter electoral fight.

It is in this atmosphere that the neo-Gaullist RPR party of M Jacques Chirac will be holding its Congress this weekend to rally its troops

Both M Mitterrand's remarks made in a long interview to mark the mid-point in his seven year residency and M Fabius's onslaught mark an abandonment of the non-ideological approach that was reflected in the summer by the departure of the Communists from the Government and the withdrawal of the controversial legislation on private schools.

At that time the Government appeared to be focusing its efforts on winning back support in the political centre.

Faced with the demoralisation of the Socialist Party and the opposition of the Communists, the Government feels it must mobilise its own rank and file.

It is in this spirit that M Mitterrand's remarks should be read. In his interveiw he warnad that if the right was returned to power "they will try and destroy any economic structure which could be embarrassing to big business which once again will have the upper hand. And they will begin by denationalising credit."

Contrary to some Government officials who have implied that state ownership of the banks might be diluted to raise fresh capital, M Mitterrand defended the "nationalisation of credit and of the large industrial poles" as being "a breach of capitalism."

Agricultural trade talks hopes revived

BY CHRISTIAN TYLER, TRADE EDITOR

HOPES of an international negotiation to liberalise trade in agricultural products have suddenly revived with the successful conclusion of two years' work by trade officials in Geneva.

A consensus was reached by officials of 60 countries on Wednesday night that export subsidies, quotas and technical barriers to agricultural trade should be tackled.

The report of the committee on trade in agriculture set up under the General Agreement on Tariffs and Trade (Gatt) was being hailed yesterday as a major breakthrough in this politically controversial field.

The basis for a negotiation was achieved after some redrafting to meet objections from the EEC, one of the world's biggest users of agricultural export subsidies.

The Community agreed that a ban on virtually all export subsidies should be considered, provided there were parallel efforts to improve the present Gatt rules on agriculture.

But the EEC indicated yesterday it might not accept an isolated negotaition on agriculture and was looking for progress on other sensitive trade issues

The tentative accord on agriculture, at least papering over serious differences between the EEC and the U.S., was expected to touch off a flurry of backstairs bargaining ahead of the annual meeting of the 90 Gatt nations a week on Monday.

M Claude Villain, the EEC director-general for agriculture, warned yesterday that there were still potential obstacles to a negotiation. But he confirmed that the EEC would consider a ban on export subsidies as part of a broader approach, and that trade-offs in other areas would be sought.

The accord talks of a "general prohibition" on export subsidies, subject to "carefully-defined exceptions."

For the first tima the big trading nations have formally recognised that their domestic farm support policies can distort world markets.

The Gatt committee was one of a number set up after the largely-abortive Gatt ministerial meeting in November 1982.

Four S. African banks cut prime loan rate

BY ANTHONY ROBINSON IN JOHANNESBURG

FOUR OF South Africa's five leading commercial banks have announced cuts in their prime loan rate with effect from Monday and the fifth, Volkskas, is expected to follow suit early next week.

Standard Bank, Nedbank and Trustbank announced a 1.5 per cent cut to 23.5 per cent while Barclays has decided on a 2 per cent drop to 23 per cent.

The prime rate reductions from the record high levels of 25 per cent to which they were raised on August 3 closely followed a statement by Dr Gerhard de Kock, Governor of the Reserve Bank, that he "would welcome it if the commercial banks were to lower their prime rates" in line with what he called the appreciable decline" on treasury bills, land bank bills and short- and long-term government stock during the past week.

Speaking at a conference organised by the Financial Mail magazine Mr De Kock said that the decline in interest rates was made possible by "a number of desirable developments" which had taken place since monetary policy was tightened in August.

"The point may now be approaching where a modest reduction in the reserve bank's rediscount rate might also be desirable," he added. The rediscount rate on bankers acceptances was raised to its present record level of 22.75 par cent on August 3.

The Governor listed among the "desirable developments" of recent weeks a marked decline in total spending, a noticeable easing of the demand for credit and loanable funds and an improvement in the current account of the balance of payments. These constituted what he termed "the right reasons" for permitting a fall in interest rates but he emphasised that "the monetary authorities have no intention of prematurely relaxing their policy stance."

Monetary policy would have to continue bearing the brunt of a generally restrictive economic policy until the next budget when the mix of monetary and fiscal measures would be improved by "appropriately restrictive" measuras by the Government, he said.

Renault tables job-cuts proposals

By Paul Betts in Paris

RENAULT, France's financially troubled state-owned car group, yesterday tabled a draft proposal which it hopes will be accepted by unions as the basis of an agreement on major job cuts.

The French car group, which lost FFr 3.6bn (£313m) in the first half of this year, announced last month an ambitious plan to reduce its workforce by a substantial but undisclosed number without resorting to compulsory redundancies.

Its latest proposals, put to the unions yesterday, envisage between 5,000 and 6,000 job cuts before the end of this year through early retirement.

Renault says there are at present about 8,500 people who could qualify for early retirement. It expects about 70 per cent of these workers to agree to leave on a voluntary basis.

This number of early etirements, however, would create the need for greater job mobility within the car group, involving between 4,000 and 5,000 people. Renault's is therefore insisting that any agreement must be based on the principles of mobility, retraining and reinsertion into new jobs.

However, Renault has told the unions it is prepared to retrain a worker only after he has accepted the need to move to another plant or job within the car group.

Retraining could also lead to jobs at new facilities in high technology sectors, like liquid crystals for dashboard instruments or high-performance ceramics which Renault is envisaging to open in coming months.

Renault says it would be satisfied if it could achieve the 5,000-6,000 level of early retirements and tha further 4,000-5,000 job changes as a first step in its efforts to reach annual productivity gains of 7 per cent.

The car group is hoping to sign an initial agreement on its labour restructuring programme by the end of this month or early in December.

It then envisages a review of progress achieved on internal job mobility at the end of June next year. At that time, the state car group will decide whether it will need to resort to other measures to tackle its labour restructuring programme.

The unions, and the pro-Communist CGT confederation, have so far adopted a tough position towards Renault, renewing criticisms of the group's management strategies and its heavy investment in the U.S. Although this is clearly part of the posturing that goes with labour negotiations, the current talks betwen Renault and the unions are expected to be particularly difficult.

M Bernard Hanon, Renault's chairman, has said that Renault has first to secure broad approval from its workers and their unions before going ahead with its ambitious and costly labour proposals.

Gibraltar accord likely to be delayed

A PROMISED end to Spain's continuing restrictions on Gibraltar is likely to be dalayed by several weeks because British and Spanish diplomats fear they will be unable to complete an agreement in principle by November 26 when Sir Geoffrey Howe, Britain's Foreign Secretary, and his Spanish counterpart, Sr Fernando Moran, are due to meet at a Brussels ministerial council, writes **Tom Burns in Madrid.**

A chief cause for the delay is thought to have been a series of technical adjustments which bare to be written into the Spanish legislation to allow Gibraltarians to work in Spain. The agreement seeks to establish immadiate reciprocal residential and working rights in certain categories for Spaniards and Gibraltarians.

West German car production falls by 3%

By John Davies in Frankfurt

THE RATE of car production in West Germany slipped back last month, amid signs that the domestic market is being unsettled by the continuing debate over exhaust controls.

The Automobile Industry Association said yesterday that 18,348 cars rolled off the assembly lines each working day last month, 3 per cent less than the daily output in September.

Last month 395,100 cars and 26,900 commercial vehicles were produced. Although this was 13 per cent more than a year ago, the increase was partly because October had more working days.

As a result of the seven-week strike over shorter working hours earlier this year, car production is still lagging behind last year's performance.

Krauss-Maffei attracts potential new bidders

BY LESLIE COLITT IN BERLIN

POTENTIAL NEW bidders have emerged in a move to take over Krauss-Maffei, the defence and engineering arm of the powerful Flick group. Flick is at the centre of a widening political payments scandal involving all the major West German parties.

The West German cartel office in West Berlin said it was asked by Industrie Werke Karlsruhe-Augsburg (IWKA) how it would react to IWKA taking a majority stake in Krauss-Maffei. IWKA makes industrial computers and is thought to be linked with the Dornier aircraft company in a possible takeover bid. The cartel office indicated it would not be likely to object to such a move by IWKA.

Krauss-Maffei, which makes the highly successful Leopard tank, has 85 per cent of its DM 2m (£550,000) turnover in defence production.

Earlier Messerschmidt-Bölkow-Blohm, West Germany's major aerospace company, told the cartel office it was considering a stake in Krauss-Maffei. MBB was thought to be interested in forming a takeover consortium with a medium-sized company and several banks.

Last year the cartel office and the Defence Ministry resisted a bid by MBB to buy a controlling interest in Krauss-Maffei. The cartel office said yesterday it would also have doubts about approving a minority share by MBB in Krauss-Maffei.

Mexican police destroy record marijuana haul

By David Gardner in Mexico City

MEXICO's successful drive to boost its non-traditional exports and reduce dependence on oil revenue appears to have been interpreted over-zealously in some quarters here, on the evidence of this week's seizure of mammoth quantities of marijuana in the northern border state of Chihuahua.

Mexican police and army units have already captured and burned nearly 13,000 tonnes of the drug in raids that began a week ago on three remote ranches close to the U.S. frontier, though the final haul is likely to be nearly 17,000 tonnes.

The U.S. street value of the larger quantity would exceed $8bn (£6.2bn) equivalent to half Mexico's earnings from oil exports last year. The haul is also some 12 times the size of the previous largest seizure of marijuana, which took place in Colombia in 1978.

Police have rounded up over 7,000 peasants, who had been lured to the remote, thinly populated areas bordering Texas by the promise of up to 5,000 pesos (£15.38) a day—more than six times the minimum wage—for harvesting vegetables and fruit. Once there, the authorities say, the peasants were held in conditions tantamount to slavery.

Nicaraguan rebels step up raids on coffee farms

BY TIM COONE IN MANAGUA

U.S.-BACKED guerrilla attacks in the coffee-growing zones in northern Nicaragua have increased considerably in recent days, according to Sr Jaimie Wheelock, the Agriculture Minister. The aim of the guerrillas is to upset the vital coffee harvest which begins at the end of November and lasts through to the end of January.

On Thursday 18 farmers were killed in attacks on two state farms and a co-operative, while 14 guerrillas were killed by local defence militia.

Sr Wheelock said that 60 state farms had been attacked in the past few months and raids on co-operatives were running at the rate of 10 per month.

Ten thousand government workers are to be mobilised to assist in the coffee harvest and 4,000 members of the militia are being sent to the coffee zones to support regular army units protecting the agricultural workers during the picking season.

The latest fighting reflects a growing level of ferocity in the war in which guerrilla casualties have been running at over 100 per week, according to government figures.

The army has been making increasing use of multiple rocket launchers, heavy artillery and helicopter gunships against guerrilla concentrations with considerable success.

The FDN guerrilla leader, Sr Aldolfo Calero, recently said in the U.S., that if Nicaragua starts using new Mi-24 helicopter gunships against his forces, the FDN would start attacking key economic targets such as coffee processing plants and sugar factories, reflecting a growing desperation on the part of the guerrillas.

During a tour of the coffee-growing region of Matagalpa on Thursday, Sr Wheelock admitted that new Soviet-built Mi-24 helicopters had been delivered to Nicaragua recently and that they were to be employed against the guerrillas.

Nicaragua already possesses 12 Mi-8 helicopters which have been used in a dual transport-gunship role against the guerrilla units.

Coffee exports are expected to bring in an estimated $120m (£92m) in foreign exchange from the coming harvest for around 30 per cent of total export earnings.

Any losses of the crop will have serious effects on the economy in the coming year, which is undergoing its most severe foreign exchange crisis since the 1979 revolution.

Tom Burns looks at the dilemma facing Spain's Catholic parents

Church-state schools row hots up

IF SPAIN'S Catholic Parents Confederation has done its sums properly more than 1m protesters tomorrow will be walking shoulder to shoulder for a mile along Madrid's main boulevard, the Paseo de la Castellana, packed behind a banner bearing the legend "freedom for education."

The demonstration is over the emotive issue of public versus private schooling, but it has the peculiar Spanish tint to it which superimposes a socialists versus Catholics conflict.

Beyond the age-old religious question there is the immediate precedent of the massive demonstration in Paris last spring which put paid to France's proposed education bill, the Loi Savary which sought to integrate French Catholic schools into the state system. Midway through his four-year term Spanish Prime Minister Sr Felipe Gonzalez appears to be finally facing a middle-class revolt.

The protest in Madrid centres formally on the organic law for the right to education, known by some as the "Maravall Law," after the Minister of Education, Sr Jose Maria Maravall. The [illegible] parents, led by Sra Carmen Alvear, a mother of 11, allege that the law endangers the liberty of private schooling in general and Catholic schools in particular.

Sr Maravall contends the opposite: his legislation actually formalises public funding for private schools and thereby strengthens the private sector. What his law also does, however, is establish a measure of public control over the funds, and, even more irritatingly for Sra Alvear and her supporters, creates so-called schools councils formed by parents, students, teachers and local authorities which will have a say in the running of the school.

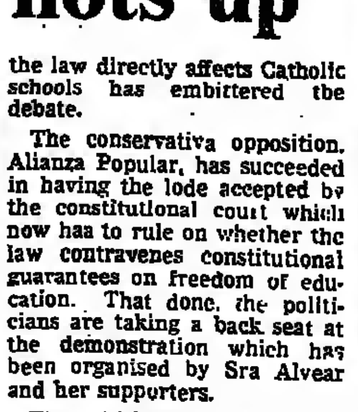
The kernel of the education debate is a situation in which the lions' share of schooling is carried out by nominally private institutions, in the main run by religious orders, which receive direct Government grants. This public funding makes up for the inadequacy of the state school system. The dire condition of Spanish education in general is illustrated by the current statistic of 2m Spaniards over the age of 10 who are classified as illiterate out of a total pupulation of 37m.

The Maravaal Law is essentially a device to put order into the often anarchic education situation in Spain and to establish a *modus vivendi* between public and private schools. Despite the absence of clear legislation on grants, public funding to the private schools has increased 10-fold in the past decade and now totals Pta 75bn (£350m) or 40 per cent of the total education budget. Sr Maravall points out that he has in fact increased state grants.

Critics of the law, Sra Alvear's Parents Association, the Catholic Teachers' Confederation and the Association of Private School owners, see the lode as overtly threatening and talk of an end to the freedom to choose. The fact that it is an Oxford-educated socialist who says he is an agnostic that is doing the legislating and that the law directly affects Catholic schools has embittered the debate.

The conservativa opposition, Alianza Popular, has succeeded in having the lode accepted by the constitutional court which now has to rule on whether the law contravenes constitutional guarantees on freedom of education. That done, the politicians are taking a back seat at the demonstration which has been organised by Sra Alvear and her supporters.

The bishops, too, have cautiously refrained from openly endorsing the protest. In fact the more liberal Spanish bishops are known to be satisfied with assurances the lode provides on funds and are certainly less than happy over the Sra Alvear's conservative platform.



Prime Minister Felipe Gonzalez: facing middle class opposition over religion

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Branson introduces £16 flight to Holland

VIRGIN ATLANTIC, the airline launched hy Mr Richard Branson, yesterday introduced its service between Gatwick and Maastricht in the Netherlands for £16 one way.

After three weeks the one-way fare will rise to £25, with an extra £14 during the Christmas period.

Virgin has leased a BAC 1-11 89-seater jet for the route to Maastricht, which has about 50m people living within a 140-mile radius.

Use of imprisonment on the increase

THE use of imprisonment has increased in the last 10 years, the National Association for tbe Care and Resettlement of Offenders said yesterday.

"The proportion of adult offenders given immediate prison sentences rose from 15 per cent in 1974 to 20 per cent last year and the courts have also adopted a tougher line in sentencing young people," said Ms Vivien Stern, Nacro's director.

Generator exporter sheds 97 jobs

R. A. LISTER, which exports electricity generators to many of the worl's poorest countries, yesterday announced 97 redundancies at its factory In Dursley, Gloucestershire.

"Our order book bas been affected by the lack of currency available for imports from many of our major markets," said Mr John Maitland, for the company.

Yorkshire Chemicals trims workforce

YORKSHIRE CHEMICALS of Leeds yesterday announced a reorganisation of its colours division, with the loss of 30 jobs.

The changes are designed to reduce costs, increase profitability and improve product quality and customer service. The group will now employ a total of 550 people in Leeds and Selby.

Liberals win Liverpool ward by-election

LIBERALS in Liverpool captured an inner city seat from Labour in a ward by-election yesterday. Mr David Alton, Liberal MP for Mossley Hill, said the result was "a warning to the arrogant members of Militant Tendency who behave as though the city was a one-party state."

Wigan newspaper to close after 30 years

THE EVENING POST and Chronicle which has been published in Wigan for almost 30 years is to close because of continuing heavy losses. It will appear for the last time on Friday, December 21, and 42 full-time and 30 part-time jobs will be lost.

VAT rules on car expenses revised

FROM January 1 value-added tax incurred on car leasing charges and repair and maintenance of cars used in businesses may only be deducted in full If there is no private use, the Custnms and Excise announced yesterday.

Where there is private use the tax must be apportioned. To determine the tax which may be deducted nn petrol, journeys between a person's home and normal place of work are considered to be private, non-business use.

Rowntree McIntosh puts 50 out of work

ROWNTREE MCINTOSH, confectioner, said yesterday abnut 50 jobs are to go in Norwich out of a workforce of 1,400 in a cost-cutting exercise due to a drop in demand for chocolates.

Life insurance contracts protected

THE FRIENDLY Societies Bill, which is designed to remove douhts about the enforceability of aome 300,000 life insurance contracts entered Into hefore June 1 1984, was given an unopposed Second Reading in the Commona yesterday.

Mr Ian Stewart, Economic Secretary to the Treasury, explained that lhe Bill protected those who had entered into contracts in good faith and established the law as it had previously been thought to be.

Oil companies accept N. Sea marker price

THE British National Oil Corporation has received acceptances from all lhe main oil companies for its proposal to cut the market price of North Sea Brent oil by $1.35 to $28.65 a barrel.

British Petroleum whieb had held out since the proposal was made in mid-October, has accepted the price, which is now effectively official.

Trafalgar House considering bid for Vickers

BY DOMINIC LAWSON

TRAFALGAR HOUSE, the construction group, is considering a bid for Vickers Shipbuilding and Engineering, which is to be sold by the Government as part of its plans to privatise the nationalised warship yards.

Vickers is by far the largest yards in the warship-building division of Britisb Sbipbuilders, with turnover last year of £227m.

Interest has also been sbown by a major supplier of equipment for warships, thought to be GEC.

The main problem in pricing an offer for Vickers is the new £230m facility constructed for Vickers Shipbuilding at Barrow-in-Furness. This has been designed to be the aite for the building of Trident nuclear submarines.

Any offer from Trafalgar House Is likely to consist of an initial bid for the active yard of Vickers Shipbuilding and an agreement to pay for the nuclear submarine facility as and when the Trident work is commissioned. This would cover Trafalgar against the possibility that the Trident programme is cancelled.

Vickers, the erstwhile owner of Vlckers Shipbuilding, is taking the Government to the European Court of Human Rights in a claim for greater compensation for the 1977 nationalisation of its shipbuilding business. Vlckers, however, has publicly stated it will not bid to buy back the business from the Government.

Trafalgar House has already made a series of acquisition of state-owned assets as a coherent move into the nffshore construction market.

Last month it completed the £15m takeover of RGC Offshore from Britis hSteel Corporation. Eariier, it paid the Government £12m fnr the Scott Lithgow yard.

Grieveson Grant, the stockbroker, has estimated the Vickers yard could be worth about £85m, or about half the value of the entire warship-building division of British Shipbuilders.

Trafalgar House is planning a rapid expansion of its two-year-old nil and gas division. It plans to enter the 9th round of offsbore oil and gas licences in groups which include Amoco, Amerada Hess, Sovereign Oil and Texas Gas. It also plans to bid cash for some of the 15 prime North Sea blocks the Government is to auction.

Over the past 12 months Trafalgar House has spent about £100m in buying a stake in BP Forties Field and io Candecca, the UK oil company.

BT undervalued at 130p says, Labour

BY IVOR OWEN

MR ALAN WILLIAMS, a Labour spokesman on trade and industry, yesterday accused tbe Government of undervaluing British Telecom by fixing 130p as the initial price per sbare.

He described it as "the wrong price" and forecast that when trading in the shares began on the Stock Exchange there would be "a premium of at least 10 per cent."

While Conservative MPs hailed the announcement in the Commons as historic and heralding the biggest advance to wider share ownership, Labour MPs renewed their charges that major public assets were being sold off at a knock-down price.

Mr Williams protested that the Government's valuation meant that it was selling control of £16bn of public assets for less than £4bn.

He described the limitations placed by the Government on the acquisition of shares by foreign buyers as "absolutely meaningless" and claimed that an overseas consortium was intending to buy nearly 100m shares out of the British tranche if it could get its hands on them.

Mr Geoffrey Pattie, Minister for Information Technology, said he was not aware of tbe consortium to which Mr Williams had referred.

"You will understand that at this stage I cannot comment in public about bow the share price may move or who may want them," he said.

However, the minister atressed that applicants were limited to buying no more than 10 per cent of the shares and gave an assurance that tbe saie would be closely scrutinised.

Mr Dale Campbell-Savours, Labour MP for Workington, urged bis party's supporters not to buy the shares, saying that to do so would he to prop up the "disastrous finaocial policies" of the Government.

Mr Pattie was sure that most ordinary men and women would regard the flotation of shares in BT as an opportunity to be seized and would disregard the advice given by Mr Campbell-Savoors.

Dealing with fears that the privatisation would lead to more orders for telecommunicatinns equipment going to overseas manufacturers, Mr Pattie said Sir Genrge Jefferson, the BT chairman, had already made it clear he Intended tn lean as heavily as he could in the direction of British industry.

However, to tell British industry that it could rely forever and a day on orders from British Telecom would not help it to become more efficient and competitive.

Income from tourism 'set to climb'

By James McDonald

BY 1988 Britain could be earning more than £7.5bn a year from 16m overseas visitors, compared with expected earnings this year of more than £5bn from 13.5m visitors.

This forecast was made In Bournemouth yesterday by Mr Duncan Blnck, chairman of the British Tourist Authority and of the Englisb Tourist Board. It was also expected that British holidaymakers wonld spend about £6bn this year in the UK.

"There Is no doubt In my mind that the tourist industry is among the most important in Britain today and is certainly the biggest growth industry," Mr Bluck said.

He described as rubbish the view that the British tourism industry's impressive results this year were a mere fuoction of the exchange rate.

It was true, particularly in relation to the dollar, that a weaker pound had helped to reduce the cost of holidays in this country in the visitor's currency.

He said, however, that it had to be recognised that the dollar had strengthened against all European currencies and that this had helped all Britain's European competitors.

He said the British industry had increased its share of U.S.-originated business against most nther Eurnpean countries.

He forecast that by the year 2000 the British Industry would be carniog more than £10bn a year at current prices from more than 20m overseas visitors.

Lisa Wood looks at a brewing group's entry into health and leisure

Keep fit classes with Guinness

GUINNESS, IT has always been claimed, is good for you.

And yesterday Arthur Guinness & Son took that message a hit further, somewhat surprising the City with the announcement of its £3m entry inlo the bealth and fitness market by acquiring the Champneys Group and its famous bealth spas.

The acquisition is Guinness' first significant diversification, albeit a small ooe since Mr Ernest Sauoders, the group's chief executive appointed in 1981, started tn prune more than 150 of the group's 250 operating companies.

It was a closure and selling off process that reversed the group's ramshackle and unsuccessful diversification in previous years in areas ranging from film finance to baby wear.

Hand in hand with this development came a strategic overhaul of the group's main businesses which can loosely be divided into brewing, retailing and publishing.

● Brewing activities were rationalised with strong promotion of the Guinness brand—sales for example growing 30 per cent year-oo-year in the U.S. — and recovery of market share of the Harp lager brand which is 75 per cent owned by Guinness.

● The group's retailing activities were extended this year with the £48.6m acquisition of *Martins The Newsagent*, a move which Mr Saunders said would make retailiog into a "sensible-size operation rather than an appendage to a giant."

● Publishing activities were strengthened with the launch of the Guinness World of Records Museum in London, an area where it is believed there will be further expansion.

However Guinness with a much strengthened management team was still looking for a new growth area, preferably associated with its core businesses. It was also lookiog for a atrong international potential.

Rumours bave abounded in the City for months and Mr Saunders, something of a blue-eyed boy among brokers, caused some surprise yesterday with the announcement of the Champneys acquisition.

For while brokers described the move as "positive" they also said that during the rationalisation phase he had divested the group of leisure involvements such as caravans and holiday villages.

Guinness retorted that Champneys, the acknowledged Rolls-Royce of the industry, is an entry ioto a specific area, that is the growing world of health and fitness. The word "entry" is emphasised.

Mr Saunders said: "We are determined to concentrate our business on a select number of areas which will provide sustained growth. We believe that bealth and fitness is one of these. Champneys provides the basis for a new group with excellent growth poteotial."

Champoeys, with a single room at its Tring Spa in Hertfordshire starting at about £370 a week, has heen a pioneer of the concept of a health farm as a health resort and not a slimmers' prison. It also has a bealth spa at Stoho Castle in Scotland.

People can choose regims at Triog thal offer just 500 calories a day—compared with about 2,500 normally consumed by an adult—while others can cbaose simply to relax after a heart attack in the 170 acres of parkland once owned by the Rothschilds, on the edge of the Chilterns.

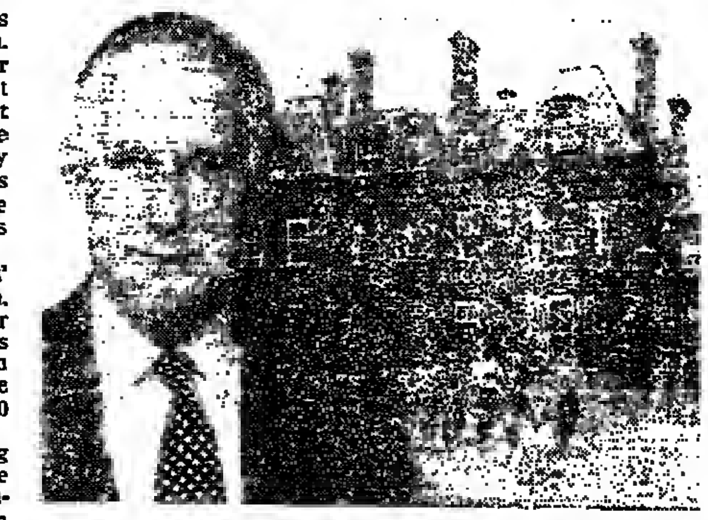
Champneys, with its health spas and a turnover of £2.6m last year, also gives Guinness a new strong brand name in a world where the rich and famous increasingly bring associations of specific lifestyles to a motley assortment of products.

For Champneys also markets a branded mineral water and de-caffinated coffee. "Champneys gives us a name with which we can exploit goods and services," said Mr Chris Davidsoo, public affairs director of Guinness.

The Champneys name, not yet well known overseas, also gives the group a strong potential for international expansion, Guinness beiog represented in 130 countries aroound the world.

The health spa operation is also starting, in a highly fragmented industry, to franchise its operations. A mini health centre, under the Champneys banner has just opened in the Carleton Hotel, Bournemouth. Franchising of such activities, as pioneered by the Julianna group with its discotheques, could have strong potential at home and overseas.

"The market should view this acquisition favourably as a strong and well thought out move into an area of growth," concluded Mr Keith Hiscock of the Edinburgh-based stockbrokers Wood Mackenzie who act on behalf of the company.



Mr Ernest Sanders, Guinness chief executive, with Champneys bealth farm at Tring in the background

U.S. company to build electronics plant in Scotland

BY JASON CRISP

INDY ELECTRONICS, a small but fast growing Californian company, is to spead £20m on setting up an electronics plant in Scotland which is expected to create 500 jobs within five years.

Indy assembles and tests microcbips for many of the leading semiconductor manufacturers in the U.S. and specialises in high performance products used in space, military and industrial applications.

It will be the first iodependent assemhly of microchips in Scotland, an activity normally done in the Far East because of cheap labour.

Mr Jacob Ratinoff, president and chairman of Indy said: "The assembly technology is becoming automated and extremely sophisticated. Hourly wages are no innger the key Issue. The constant updating of equipment and the need to use frontier technology is now the overriding factor."

The assemhly plant is being built in Irvine and is expected to start production at the beginning of next August. In the New Year Indy wil take 24 to 40 people to its U.S. plant to learn about the company's operations. By lhe end of its first year In Scotland Iody expects to employ between 250 and 300 people.

Tbe company was set up four years ago, employs 900 people and expects to bave a turnover of $36m (£29m) in the current financial year with pre-tax profits of $6m. Olin Corporation recently bought a 45 per cent stake in Indy for $15m, Mr Ratinoff said.

Scotland already has the largest concentration of semiconductor production in Europe.

Summit talks to centre on scope for Ulster progress

BY BRENDAN KEENAN IN DUBLIN

THE ANGLO-IRISH summit hetween Mrs Thatcher and Dr Garrett FitzGerald, the Irish Prime Mioister, is expected to begin tomorrow with dinner at Chequers and continue witb talks on Monday.

The meeting will explore ways nf makiog political and securlty progress in Northern Ireland. Irish officials cnnfess, bowever, that they do not know how far, if at all, the British Government will go towards their desire for ao initiative.

It is accepted that no major decisions will he taken at the summit. The Irisb would be reasonably satisfied if Mrs Thatcher agreed to continue the process of trying to fiad ways of reducing what they see as the alientation of Ulster's Roman Catholic minority from the security and political Institutions of Northern Ireland.

Both governments will be anxious not to damage the good relationship which exists between them and, for this reason, it is thought that efforts will be made to make the meeting a success. Failure in the view of the Irish Government could ooly beoefit hoth the IRA aod its political wing Sioo Feio.

It had been thought originally that the summit would be beld in Dublin

Battle for Christmas sales of home computers hots up

BY JASON CRISP

THE PRE-CHRISTMAS battle to sell home computers is getting fierce. Acorn announced yesterday that It was spending £4.5m on advertising BBC and Electron computers and programs from its software subsidiary.

Acorn's main rivals are conducting big advertising campaigns. Sinclair Research will spend £4m and Commodnre, the U.S. company, it is thought, more than £6m. The industry has feared that the pre-Christmas home computer boom may not he as strong as in the last two years.

Competition is particularly fierce. New entrants to the market such as Amstrad are doing well. Acorn hopes to sell 100,000 BBC computers at £399 and 200,000 Electroos at £199 before Christmas, which would mean retail sales of about £80m.

Acorn aims further down-market In its advertising, which will take it into closer competition with Commodore. Acorn is concerned to get its name better known, as many people do noi associate It with the BBC computer.

The company will spend £2.1m in promoting the two computers, with television aod cinema advertising.

Public sector borrowing rise reflects pit strike

BY PHILIP STEPHENS

PUBLIC SECTOR borrowing totalled £448m last month, bringing the total since the start of lhe financial year in April to £7.67bn.

The increase was higher than most City expectatioos, and reflected in part the growing impact of tbe miners' strike on public finances.

In the autumn economic statement earlier this week Mr Nigel Lawson, the Chancellor, said that the public-sector borrowing requirement for the whole year was likely to reach £8.5bn, cnmpared with his Budget prediction of £7.2bn.

The higher fnrecast reflects an estimaled £1.5bn hill for the miners' strike, as well as other central and local government over-spending, which have been only partially offset by higher oil revenues.

City economists believe the cost of the strike was shown last month in heavy horrowing by public corporations, which accounted for three-quarters of the overall PSBR.

Though total borrowing in the first seven months of the financial year is close to the £8.5bn target, officials stressed last night that an expected upsurge in revenues in the next few months would allow the forecast to be met.

The proceeds of next week's British Telecom flotation and accelerated value-added tax on imports would offset substantially the public sector's horrowiog needs next month, they said.

The latest figures show spending on supply services, the best guide to departmental outlays, has risen hy 6.1 per cent in the seven months to October compared with the same 1983 period: slightly above the 5.7 per cent increase foreseen for the whole year in the Budget.

Inland Revenue receipts ran *about* 12.75 per cent higher hetween the same periods, compared with a forecast of 10 per cent for the full financial year.

Plan to revive Scillies

BY ANTHONY MORETON, REGINALD AFFAIRS EDITOR

A £10.7m plan to revive the stagnating economy of the Scilly Isles will be backed by the EEC if tbe Government commits itself to the project.

European Commission officials in Brussels bave been looking at a land use and development study prepared by Graham Moss Associates and informally told Mr Moss they will give it the go-ahead providing it is accepted hy the Department of the Eovironment. The department is expected tn give its answer hy early January.

The Scillies plan is one of 15 integrated development operations projects being considered by the commission to improve the distribution of economic activities between the regions of the community.

The Graham Moss survey showed that tourism, the Scillies' main source of income, was declining and that production of bulbs and flowers, the secood most important income earner, had been hit by competition from growers on mainland UK and countries such as the Netherlands, France and Israel.

If nothing is done to improve roads, hotels, transport connections and harbour facilities the Scillies economy would continue to deteriorate because lhe island council does not have the money to arrest decline.

Wira profit 20% above target

By Anthony Moreton

WIRA, the Leeds-based Wool Industry Research Association, made a profit of £109,600 in the six months to September, 20 per cent above its target.

The figure compares with £82,000 in the previous six months and completes a successful first year for the association since the compulsory levy within the industry ended.

"Now that Wira is self-financing, sufficient surpluses must be generated if we are to remain a centre of excellence," said Dr Briao King, chief executive.

"These results show that we are firmly on course to do just that."

For years Wira's work was funded to a considerable extent hy a statutory levy which hrought in a fifth of its £1.8m budget. The levy ended last year and Wira now relies on its own resources to fund projects.

To replace the levy, Wira appealed to all companies in the industry, as well as to those associated with it, to become subscribing members.

Much of the success in producing the profit was attributable to the "gratifying number" of companies which become voluntary subscribing members, Dr King said.

The subscription is based on turnover and ranges from £200 a year for a concern with a turnover of £1m a year to £6,000 for a £40m plus company.

Most big names in the industry—including Illingworth Morris, ICI and Coats Patons—have joined, although there are still a few which Dr King would like to have in.

About half of Wira's budget

About half of Wira's hudget comes from research projects, although this is dropping in importance. The remainder comes from contract work and equipment sales.

BBC seeks to raise TV licence to £65

By Raymond Snoddy

THE BBC has applied to the Home Office for an increased colour television licence fee of £65 to £67 a year.

The final figure applied for is expected to be £65—which would be a rise of about 40 per cent on the present £46 fee. If granted in full the new fee would raise almost £1bn a year gross from the viewers.

The official announcement will not be made until early December. The BBC has submitted its preliminary case which includes expenditure and inflation assumptions but does not mention a final annual fee figure, it is believed. Over the next few weeks Home Office officials will check the assumptions and the "arithmetic."

After the assumptions are agreed the final figure will be announced and the document will go to Mr Leon Brittan, the Home Secretary, for a decision.

Mr Brittan has said he regards his role as being a purchaser of broadcasting on behalf of the public, and will be looking carefully at the BBC claim with value for money for the public in mind.

No decision on the fee is expected until after January, when the "value for money" inquiry, being carried out by Peat, Marwick Mitchell, the accountancy firm is completed.

That report and its view of how efficiently the BBC is managed and uses public money will form an important part of the fee negotiations.

The negotiations over the new fee, which will apply for a three-year period, will be critical to the future of the BBC. The corporation's claim is based on continuing the present service, with a "modest" amount for growth. This Includes completing the planned network of local radio stations and making a start on a £100m replacement for Broadcasting House.

One of the key conflicts between the BBC and the Home Secretary is likely to be to what extent the BBC costs are subject to special broadcasting industry inflatioo.

Mr Brittan has said he Is sceptical of special Industry inflation arguments and any such claims will have to be substantiated.

The Government has said, however, that radical change to the system of financing the BBC is unlikely, at least this time

Broadcasting at the Crossroads, Page 25

Donington Park to be sold

By John Griffiths

THE OPERATING company of Donington Park motor racing circuit is being sold by its owner, Mr Tom Wheatcroft.

Mr Wheatcroft plans to retain 150 hospitality suites, built alongside the track as part of the £5m investment made since 1971.

A price of "several million pounds" is being sought with a condition that the circuit's use as a site for international car and motor-cycle races remains unchanged.

British Rail fares to rise by 6.5% from January

BY HAZEL DUFFY, TRANSPORT CORRESPONDENT

BRITISH RAIL fares will go up by about 6.5 per cent from January 6, which is 1.5 points above the latest inflation rate published yesterday.

Bus and Underground fares in London are also to go up on the same day, by an average of 9 per cent. The increase is the first change since May 1983, when the Travelcard was introduced and most fares were cut. It is also the first since London Regional Transport was formed.

BR, which has lost about £150m in freight revenues since the start of the miners' strike, is clearly not seeking to recover the loss from passengers. Although the fares increase—the first since January 1984—is above inflation, competition from other forms of transport is forcing BR to introduce more cheap fares.

"Saver" fares, which offer a discount on ordinary fares of about 50 per cent, will become available on more routes from May as part of a range of off peak return fares.

Commuters who buy season tickets will be able to postpone paying the higher rates as long as they buy new tickets before January 6. BR said yesterday that they must order a ticket dated to start before January 6, and must pay for and collect the ticket by January 5.

Some commuters, however, will be paying more than the average fares rise. Where BR has introduced new equipment, such as on the Bedford/Moorgate services, there will be bigger increases, as also on the Gatwick Express trains.

Full details of the increases will be available at stations early in December.

Commuters in the London area can expect to be able to buy a new-style Travelcard which will enable them to travel on rail, bus and Underground probably early next year. LRT says that the success of the Travelcard is one factor which has permitted fare increases to be held at about the inflation rate since May 1983.

The one-zone 40p bus and Underground fare in central London, and 30p in other zones, will not go up. Nor will one-zone Travelcards. Underground travel in more than one zone—currently costing between 50p and £1.30—will go up by 10p. The short hop 20p bus fare goes up to 25p, two-zone bus fares go up 5p to 55p, and three-zone bus fares go up 10p to 80p.

LRT also announced changes in cheap Sunday travel and some children's fares. But some fares will fall where they involve travel from outside greater London—for instance Chalfont and Latimer, Bucks to Oxford Circus will drop from £2.30 single to £2.10.

LRT is also introducing a one-day undated bus pass—passengers will be required to "scratch off" the date of travel, a first step towards new methods of ticket control.

Plan to switch Tube maintenance

By Hazel Duffy

PLANS TO rationalise the maintenance of London Underground trains have been put to the London Regional Transport workforce at the Acton works in west London.

The trade unions have been told that LRT wants to transfer train maintenance to the depots, leaving Acton to maintain equipment. The plans involve halving the 1,400 workforce by the end of the decade, with about 200 jobs going in the next few months.

However, LRT believes that if the unions agree to a package involving transfer of some staff to the depots, £8m to £12m investment in Acton and a voluntary redundancy scheme, there will be no requirement for enforced redundancies.

The move marks LRT's attempts to modernise bus and Underground maintenance work at three big works—in Acton, Chiswick and Aldenham.

Proposals for the latter two are similar to those for Acton.

Sogat ordered to end magazine blacking

BY OUR LABOUR STAFF

A HIGH COURT order was served on Sogat '82, the print union, last night, calling on it to withdraw an instruction to members who have been blacking the handling of magazines which have free gifts and loose inserts.

The order was obtained by the Federation of London Wholesalers, following the refusal by Sogat members to handle this week's issue of TV Times because it has a cookery supplement which contains more than 24 pages.

The dispute centres on the claim by Sogat for extra holiday for members who handle magazines which contain free

Since the blacking started on November 5 nearly a dozen titles — mainly computer, music and hi fi magazines — have not been distributed in the London area.

The federation, which represents 11 companies involved in the wholesale distribution of magazines in the London area, said yesterday that the claim for extra holiday was in effect a claim for extra money.

TV Times is the latest victim of the dispute. The magazine was unable to say how much of its 3m circulation would not be circulated in London but almost 20 per cent is handled through the warehouses in London.

Sogat officials were unavailable for comment.

NUM contempt case splits leaders

BY RAYMOND HUGHES, LAW COURTS CORRESPONDENT

THE 25-strong national executive of the National Union of Mineworkers has broken ranks in response to a legal move to make members personally liable for the union's £200,000 contempt of court fine.

All the 25 have indicated an intention to defend the case, but at least three have rejected the union's suggestion that they should all be represented by Seifert Sedley, the London solicitors who frequently act for the NUM.

Mr Ken Toon, from South Derbyshire, Mr Jack Jones (Leicestershire) and Mr Ted McKay (North Wales) have decided to instruct solicitors who act for their area unions.

Another of the moderates on the executive, Mr Trevor Bell, general secretary of the white collar branch, Cosa, is understood also to be instructing solicitors personally.

The executive members have been sued "jointly and severally," which means that, in theory at least, any one could be held liable for the whole of the £200,000. The more likely outcome, however, if the claim were to succeed, would be that each would be ordered to pay his £8,000 share.

The case has been brought by Mr Colin Clarke, of Nottinghamshire, and 15 other working miners from various areas. They assert that, as it was the actions of the executive which led to the fine members should pay it.

The case is not expected to get to court until well into next year. However, a second action by Mr Clarke and his co-plaintiffs, in which they are seeking to have the NUM's three trustees removed from office, is likely to be heard by the end of this month.

The trustees, Mr Peter Heathfield, the general secretary, Mr Henry Richardson, Nottinghamshire area secretary, and Mr Sammy Thompson, Yorkshire area vice-president, have until the end of next week to give notice of their intention to defend the case.

John Lloyd on 'new faces' at the coalfields

Testing time for miners' unity

BY THE end of this week, the National Coal Board claimed to have received just over 5,000 "new faces" at pits throughout the country.

It said 59 pits were turning out coal and that there were men in at 132 of the country's 174 pits. It was forecasting a continued erosion of strikers' solidarity in the week ahead.

By contrast, Mr Arthur Scargill, president of the National Union of Mineworkers, said yesterday: "The strike remains solid, demonstrating the determination, courage and wonderful support of NUM members and their families in this crucial fight to save jobs and communities throughout the British coalfield." Which version most accords with reality?

The NUM, has for the first time, provided a detailed breakdown of the back to work movement on the basis of NCB figures. The NCB disputes many of the union's figures: for example, it claims only 1,500 Notts miners are striking. The overall effect of the NUM figures is to demonstrate that the large majority of miners remains on strike, with a little over one-quarter working.

Give or take a few percentage points, the board would not disagree. The question is will the back-to-work movement continue at a high enough rate to tip the scales towards the working miners—say by early next year, which most parties believe will still see the dispute continuing?

The board is to continue its "Christmas bonus" offer all next week. Any man returning in that time will be assured of being paid, in the week just before Christmas, between £600 and £650 made up of pay, back holiday and rest allowances and other payments.

COAL DISPUTE: STATISTICS

Area	Manpower	Number not working	Number working
Yorkshire	56,000	54,800	1,200
South Wales	21,500	21,420	80
Scotland	13,100	12,500	600
Northeast	23,000	22,400	600
Kent	3,000	2,950	50
Derbyshire	10,500	7,000	3,500
Sub-total:	127,100	121,070	6,030
Midlands	13,000	4,315	8,685
Lancashire	6,500	4,250	2,250
North Wales	1,000	400	600
Nottinghamshire	30,000	6,000	24,000
South Derbyshire	3,000	330	2,670
Leicestershire	1,900	200	1,700
Sub-total:	55,400	15,495	39,905
Total in pits:	182,000*		
Workshops	9,000	5,400	3,600
Total manpower	191,500†	141,956	49,035
Note: If cokeworks are taken into acount, the figures are as follows:			
Cokeworks	4,500	4,300	200
	196,000	146,256	49,235

* NCB Report/Accounts 1983/84 Page 31
† NCB Report/Accounts, 1983/84 Page 29.

Source: NUM

The miners' activists, however, are attempting to fight back. The decisions of the NUM's national executive on Thursday to initiate a wide campaign of rallies in mining areas is seen by many as a morale booster at a tough time, which could stem the flood.

They are taking heart from reports of impending power shortage.

- In South Wales, British Steel Corporation's Llanwern plant shut for an hour on November 7 because of power shortages.
- In North Thames, power was low on November 5.
- The Post Office Engineering Union reports that stand-by generators have been brought into service to compensate for power losses over the past two weeks.
- The West Thurrock power station on Thameside has not been producing power. The Transport and General Workers Union members there has refused to accept coal deliveries.

The Central Electricity Generating Board has an explanation for these incidents: it is not short of power but is husbanding it carefully.

The surge in demand over the past three weeks after the ending of British Summer Time on October 28 caused it to issue guidelines to area managements to save fuel. It was the implementation of these which caused the Llanwern cut, since it was on an "interruptible tariff" under which it could choose to take a power cut or pay more for power, it chose a cut.

Neither the board nor British Telecom could confirm the use of standby generators last night. West Thurrock, says the CEGB, has plenty of coal.

Union funds transferred to trust

By Our Law Courts Correspondent

THE DAY after Mr Ian MacGregor, chairman of the National Coal Board, announced his plan for the industry's future which precipitated the pit strike, the finance committee of the mineworkers' union approved the transfer of £1m of union funds to a trust for "educational and other benefits."

According to the minutes of the union's finance and general purposes committee, on March 7 it accepted a report from the national officers and agreed that "assets to the value of £1m" should be settled on the "Mineworkers Trust."

The arrangement was approved by the union's national executive. Mr John Burrows, treasurer of the Derbyshire area, Mr Ken Homer, Yorkshire area financial secretary, and Mr oger Windsor, the NUM's chief executive, were appointed trustees.

The establishment of the trust would appear to mean that the £1m ceased to be part of the NUM's funds and not money that could be taken by the sequestrators charged with seizing the union's assets.

However, given the transfer's timing, the sequestrators might argue that it was not a bona fide trust but designed to defeat sequestration.

Last week the sequestrators reported to the court that they had obtained only £8,174 of the union's estimated £8m liquid assets. Another £2.7m has been frozen in the Dublin Bank. It is known that a further £4m was sent to a New York bank but at least part is believed subsequently to have been transferred to Switzerland.

SOCIAL SECURITY BILL

Pension proposals little changed

BY ERIC SHORT

PUBLICATION YESTERDAY of the Social Security Bill sets out the Government's proposals for radical changes for occupational pension schemes. It covers employees' rights on changing jobs, disclosure of information to pension-scheme members and establishment of a central pensions registry.

These proposals were reached after many months' discussion and consultation with all sectors of the pensions industry. In essence, however, changes from the Government's original proposals are minimal.

The main items concerning occupational pension schemes are:

Employees changing jobs—The Bill becomes law on January 1 1986. Where employees change jobs thereafter, their deferred pensions with their old schemes will be protected against inflation. All pension benefits accruing from January 1 next year will be revalued each year in line with movements in the Retail Price Index up to a maximum of 5 per cent in any year.

At present a pension scheme must provide a deferred pension if an employee has at least five years' pension benefit from the scheme and is aged at least 26 years at the time of changing jobs. The Bill proposes to remove the 26-year age limit.

Many schemes offer deferred pensions to employees leaving after fewer than five years service. The proposed revaluation will apply to all deferred pensions and not be restricted to the legal requirements.

The Bill makes no provision for past service pension rights and will not become really effective in solving the so-called early-leaver problem until the next century.

The legal obligation to revalue deferred pensions ceases when the pension becomes payable.

Employees changing jobs who do not want to leave accrued pension rights with their old scheme will have the right to a transfer payment. Most large and medium schemes already do this.

This transfer payment must be used by employees in one of the following ways:

- To buy pension rights in the new employer's scheme, provided the scheme will accept the payment—many schemes will accept incoming transfer payments but the Bill does not propose to make this obligatory.
- To buy an annuity from an insurance company of their choice.
- To invest in another sort of pension arrangement—at present there is no other pension arrangement applicable and the Bill prepares the way for introduction of the proposed personal pension scheme which is still under discussion.

Information about pension schemes—The Bill introduces the right of pension-scheme members to information concerning their schemes. Details of these rights and the information will be provided in regulations. The intention, however, is that members will be entitled to:

- Information concerning the benefits accrued under their scheme—many schemes already provide benefit statements to members and this proposal will make it obligatory and almost certainly lay down the format and information to be contained in the benefit statement.
- Information concerning the financial status of the scheme—here the intention is that the information made available should be sufficiently detailed to allow full expert analysis of the scheme.

Different types of scheme will be treated in different ways. Discussions are taking place with the accountancy, actuarial and other professions.

Spouses of members will also be entitled to certain information.

Pension Scheme Register—The Bill provides for establishing of a register of occupational pension schemes. Trustees or managers of schemes will be required to lodge copies of scheme documents, annual reports and other information.

This information will be publicly available. Costs of the registry will be met by pension schemes paying registration fees and from fees for document inspection.

The pensions industry has pressed the Government to merge the functions of the proposed registry with those of the Occupational Pensions Board and Inland Revenue's Superannuation Funds Office. No decision has been taken.

The Bill tidies up provisions for calculation of guaranteed minimum pensions, payment of state scheme pensions and priority rates in bankruptcy.

Satutory Sick Pay—The Bill extends the operations of the Statutory Sick Pay scheme so that employers will be responsible for paying the first 28 weeks of an employee's sickness instead of the present eight weeks.

Social security sick payments are only made for the first 26 weeks of any illness or disability. Thereafter employees qualify for invalidity benefits.

The new scheme means employees in work would receive all their sick pay from their employer. This change would save about 300 to 400 Civil Service jobs and be approximately cost-neutral in its overall effect.

The Bill's Second Reading will be on Monday, November 26. The Committee Stage may start early next month.

Social Security Bill; SO; £4.

BASE LENDING RATES

A.B.N. Bank	10 %
Allied Irish Bank	10 %
Amro Bank	10 %
Henry Ansbacher	10 %
Armco Trust Ltd.	11 %
Associates Cap. Corp.	10½%
Banco de Bilbao	10 %
Bank Hapoalim	10 %
BCCI	10 %
Bank of Ireland	10 %
Bank of Cyprus	10 %
Bank of India	10 %
Bank of Scotland	10 %
Banque Belge Ltd.	10 %
Barclays Bank	10 %
Beneficial Trust Ltd.	11 %
Brit. Bank of Mid. East	10 %
■ Brown Shipley	10 %
CL Bank Nederland	10 %
Canada Perm'n't Trust	10 %
Cayzer Ltd.	10 %
Cedar Holdings	11 %
■ Charterhouse Japhet	10 %
Choulartons	11½%
Citibank NA	10 %
Citibank Savings	¶11½%
Clydesdale Bank	10 %
C. E. Coates & Co. Ltd.	11 %
Comm. Bk. N. East	10 %
Consolidated Credits	10½%
Co-operative Bank	*10 %
The Cyprus Popular Bk.	10 %
Dunbar & Co. Ltd.	10 %
Duncan Lawrie	10 %
E. T. Trust	11 %
Exeter Trust Ltd.	10½%
First Nat. Fin. Corp.	12½%
First Nat. Secs. Ltd.	12 %
■ Robert Fleming & Co.	10 %
Robert Fraser & Ptns.	10½%
Grindlays Bank	‡10 %
■ Guinness Mahon	10 %
■ Hambros Bank	10 %
Heritable & Gen. Trust	10 %
■ Hill Samuel	§10 %
C. Hoare & Co.	†10 %
Hongkong & Shanghai	10 %
Johnson Matthey Ltd.	10 %
Knowsley & Co. Ltd.	10½%
Lloyds Bank	10 %
Mallinhall Limited	10 %
Edward Manson & Co.	11½%
Meghraj and Sons Ltd.	10 %
Midland Bank	10 %
■ Morgan Grenfell	10 %
National Bk. of Kuwait	10 %
National Girobank	10 %
National Westminster	10 %
Norwich Gen. Tst.	10 %
People's Tst. & Sv. Ltd.	11 %
R. Raphael & Sons	10 %
P. S. Refson	10 %
Roxburghe Guarantee	10½%
Royal Bk. of Scotland	10 %
Royal Trust Co. Canada	10 %
■ J. Henry Schroder Wagg	10 %
Standard Chartered	‖10 %
Trade Dev. Bank	10 %
TCB	10 %
Trustee Savings Bank	10 %
United Bank of Kuwait	10 %
United Mizrahi Bank	10 %
Westpac Banking Corp.	10 %
Whiteaway Laidlaw	10½%
Williams & Glyn's	10 %
Wintrust Secs. Ltd.	10 %
Yorkshire Bank	10 %

■ Members of the Accepting Houses Committee.
* 7-day deposits 8.75%, 1 month 7.50%. Fixed rate 12 months £2,500 7.5%, £10,000, 12 months 9.00%.
† 7-day deposits on sums of under £10,000 6¾%, £10,000 up to £50,000 7¼%, £50,000 and over 8½%.
‡ Call deposits £1,000 and over 6¾%.
‖ 21-day deposits over £1,000 7¼%.
§ Demand deposits 6¾%.
¶ Mortgage base rate.

APPOINTMENTS

Citibank posts

Mr Glen R. Moreno, CITICORP'S senior corporate officer for Europe and the Middle East, has been appointed to the new post of regional group executive in charge of the corporation's investment banking activities throughout Europe, the Middle East and Africa. He will continue to be based in London. Mr Richard J. Lehmann succeeds Mr Moreno as senior corporate officer. He previously headed several retail banking operations in the U.S. Mr Gordon Phelps becomes division head for Northern Europe. To be based in Brussels, he was previously regional senior officer for the Gulf and Pakistan. He takes over from Mr David S. Van Pelt who becomes senior corporate officer for Asia and Pacific countries.

Mr Norman Spence is to head the services management group of Citibank in the UK. He succeeds Mr Al Rothaus who is returning to New York. Mr Spence transfers to London from Brussels where he headed Citibank's European Systems Group.

★

Mr R. R. Paterson has been appointed a non-executive director of POLYMARK INTERNATIONAL. He is a vice-president of American Standard Inc based in Brussels.

★

ASSOCIATED BRITISH PORTS has appointed Mr David Cooper to head its research centre at Southall. He succeeds Mr Bill Jackson who is retiring on December 1. Mr Cooper was deputy director.

★

J. BIBBY AND SONS has appointed Mr W. M. Shorteo as a non-executive director and Mr C. S. Innocent as managing director of the new distribution group of Bibby, formed on the recent acquisition of Thos. Barlow (Holdings).

★

Mr Peter Charles Nicholson has been appointed a member of the Salisbury regional board of LLOYDS BANK from January 1. He is chairman of Crest Homes and Camper and Nicholsons (Holdings). Mr Tony Scholefield, who recently retired as regional general manager at Lloyds Bank's southern region has been appointed a regional director from January 1.

★

Mr Frank Teer, a director of AGB RESEARCH, has been appointed chairman of Tempo Computer Services. Mr Richard Todd has been appointed managing director of Tempo Computer Services and its subsidiary company, Mitech Systems. He was previously managing director of AGB Italia. Mrs Linda Liddell has been appointed joint managing director of Langton Electronic Publishing Systems. Mr Alex Clifton has been appointed sales director of Langton Electronic Publishing Systems. Mr Nigel Spackman, managing director of Research Surveys of Great Britain, has joined the board of Audience Selection and Telsales. Miss Debbie Walter, managing director of Audience Selection and Telsales, has been appointed to the board of Research Surveys of Great Britain. Dr Moreno Vago has been appointed chief executive of AGB Italia and its subsidiary company, AGB Media Services. Mr P. A. Snell has been appointed a director of AGB McNair (Hong Kong).

★

Mr Lionel J. Huddy has been appointed a director of LLOYD THOMPSON (INSURANCE BROKERS).

★

TURNER & NEWALL has appointed Mr Bill Barnes as sales and marketing director, consumer products division, of its subsidiary, Storeys Decorative Products.

★

Mr Mark Fielden has been appointed to the board of READICUT INTERNATIONAL. He is managing director of Firth Carpets, a subsidiary of Readicut.

★

Following C. H. Beazer (Holdings) recommended offer for M. P. KENT Mr B. C. Beazer has been appointed chairman of Kent Mr H. A. Rees and Mr D. Evans have joined the board. Mr M. P. Kent, Mr G. A. W. Jiggins and Mr M. R. Davies have resigned from the board. Mr M. G. Martin remains a director of Kent and has been appointed managing director of its operating subsidiaries.

★

Mr D. M. (Dennis) Rogers has been appointed chairman of Myton, a TAYLOR WOODROW GROUP company, in addition to managing director. He will succeed Mr Barton Higgs who retires at the end of 1984. Mr W. G. E. (Bill) Mills has been made deputy managing director. Mr E. R. (Eric) Frondigoun, a divisional director of Taylor Woodrow Construction, will join the board of Myton as a non-executive director on January 1.

Councils' new technology dispute spreads

By Our Labour Staff

A FRESH dispute over application of new technology in local government broke out yesterday at Birmingham city council.

The dispute, immediately made official by the National and Local Government Officers Association, involves 55 strikers in the council's rate rebate section but is expected to spread to more members of the 9,000-strong Nalgo branch.

The union is already involved in a nine-week-old strike over new technology at Sheffield council. Hopes of a settlement there seemed to have foundered yesterday. A six-week-old strike at St Helens council, Merseyside, will also continue into next week in spite of an apparent peace deal.

The Birmingham strike is over failure to agree terms for staff in the already computerised rates rebate and revenue collection sections.

Nalgo wants members concerned to receive a flat-rate payment for working the computer equipment. It also wants a review of the computer system and consultation on a revised staff structure with no job losses. The union says the council's initial proposals envisaged 120 job losses.

Civil servants in pit loan vote

MEMBERS of the Civil and Public Services Association, the largest union for civil servants, will vote on plans to make an interest-free loan of £100,000 to the mineworker's union and to donate £5,000 a month.

The CPSA's left-led national executive has called for a ballot of the union's 180,000 members after a previous donation by the executive of £25,000 led to widespread protests

Voting will take place over the next four weeks at special branch meetings, with the total vote counted centrally. Left-wing members of the CPSA executive divided over a counter-proposal to recommend a monthly donation of £10,000 and unlimited loans.

Four print workers face walkout damages claims

BY OUR LAW COURTS CORRESPONDENT

FOUR FLEET STREET print workers are to face claims for damages over the part they are alleged to have played in a walkout by print workers that stopped publication of national newspapers at a weekend a year ago.

The High Court gave leave yesterday for Mr John Ward and Mr John Breen, of the News of the World, and Mr Alan Miller and Mr Malcolm O'Connell of the Financial Times, to be added as co-defendants with their union, the National Graphical Association, in an action by newspapers.

They are alleged to have induced breaches of contracts of employment by NGA members in Fleet Street in protest against seizure of the NGA's assets in its dispute with Mr Eddie Shah's Messenger Group Newspapers.

Leave to add the four as defendants was given by a High Court Master on an application by Associated Newspapers; the Daily and Sunday Telegraph; Express Newspapers; the Financial Times; the Guardian; Mirror Group Newspapers; and the Society of Licensed Victuallers, publishers of the Morning Advertiser.

Similar applications by The Times; News Group Newspapers; and Thomson Withy Grove were adjourned indefinitely.

The newspapers claim damages to compensate them for losses sustained as the result of the stoppage of Saturday and Sunday newspapers on November 26 and 27 last year.

The maximum each newspaper would be able to claim against the NGA under the 1982 Employment Act would be £250,000.

There is no statutory limit on the amount of damages that could be awarded against the four individual defendants.

Swan Hunter overtime ban lifted over redundancies

BY DAVID BRINDLE, LABOUR STAFF

WORKERS at Swan Hunter shipbuilders on the Tyne have lifted an overtime ban and promised full co-operation to complete the new Atlantic Conveyor vessel by its December 7 delivery date.

Most of the 7,500-strong workforce had maintained the ban for 10 days in a bid to win assurances on redundancies in advance of the expected declaration of up to 2,000 job losses.

Continuation of the action would almost certainly have meant failure to meet the delivery date for Cunard's £40m ship, named after the vessel sunk in the Falklands conflict.

The deadline had already been put back and further delay would be highly embarrassing for Swan, which British Shipbuilders is due to sell to the private sector.

As it is, workers and management believe there is no more than a good chance of the delivery date being met.

The overtime ban was lifted on Thursday night after the unions were assured that every avenue would be explored in an effort to avert compulsory redundancies.

The unions have proposed short-time working, temporary lay-offs, work-sharing and transfers under the industry's Phase Five flexibility agreement signed this year.

Mr Bob Welford, secretary of the Confederation of Shipbuilding and Engineering Unions at Swan, said yesterday: "We have got everything we expected out of it. The management is commited to studying every possibility and we will still oppose compulsory redundancies."

The unions expect to be given details of the proposed redundancies at a meeting in London next Wednesday.

Court move over NHS tendering

By David Brindle, Labour Staff

A HIGH COURT judge yesterday allowed the first legal challenge to allocation of a contract under the Government's programme of competitive tendering in the National Health Service.

Mr Justice Hodgson granted leave to Mrs Janet Jones, a Cambridgeshire county councillor and member of Cambridge District Health Authority, to challenge the authority's decision to award OCS Hospital Services the contract for cleaning Addenbrooke's Hospital.

Cleaners and some other ancillary workers there have been on strike since October 1, when OCS took over the £725,000-a-year contract and, according to the unions, halved cleaners' earnings.

Mrs Jones seeks an order compelling the authority to invite fresh tenders. She contends the authority did not satisfy OCS was competent for the work.

Mr Michael Morland, QC, for Mrs Jones, said in court yesterday that the evidence before the authority when it awarded the contract was that OCS had no trading record whatever and that expertise was vested in a parent company.

IBA clears bank TV commercial

THE Independent Broadcasting Authority has rejected a complaint by Bifu, the bank staff union, over TV advertising by Barclays Bank about Saturday opening.

Bifu had complained that a commercial, showing the manager of "another bank" besiged in bed by his customers on Saturday morning, gave the misleading impression that Barclays offered a full banking service on Saturdays.

The IBA ruled that the commercial was not misleading.

Barclays Bank said last night that the complaint was "trivial" and it hoped Bifu was not trying to turn customers away. Barclays opens 430 branches on Saturday mornings with 10,000 volunteer staff.

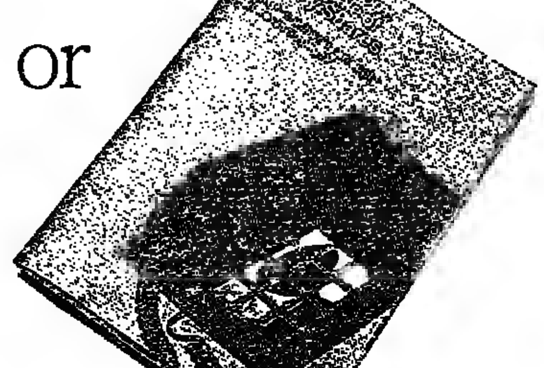
Remember, remember, the 28th of November.

November 28th is the last day for receipt of applications to buy British Telecom shares.

A prospectus, containing an application form, will be published in this newspaper on Tuesday.

Or you can get one from your bank, post office, or financial adviser.

Are you going to share in British Telecom's future?



ISSUED BY KLEINWORT, BENSON LIMITED ON BEHALF OF H.M. GOVERNMENT.

The prospectus, which comprises published listing particulars, is also available for inspection at 2-12 Gresham Street, London.

THE WEEK IN THE MARKETS

Plain sailing to £3.9bn offer

LONDON
ONLOOKER

It now looks like plain sailing ahead of the mammoth £3.9bn offer for sale of British Telecom shares. The market couldn't be behaving better for the Telecom float if it tried. On Monday both the FT-All Share and the FT-SE notched up new all-time highs and the next day the old stager of the FT-30-Share managed to join its fellow indices and claw its way past the previous peak of last May.

The edge came off equity prices during Wednesday and Thursday but this was no more than investors clamping their wallets shut until the Telecom prospectus, rather than any doubts forming over the underlying strength of the market. However, a well timed statement from Mr Nigel Lawson, with a heavy hint of another interest rate cut on its way, had the market back on song yesterday.

A week can be a very long time in equity markets but there seems little on the horizon to cloud the Telecom float. Stripping out the shares that will be winging their way overseas and the 55 per cent of the balance that will be held in the grip of British institutions, the investing public has £1½bn of stock on offer to it. Despite the size the stags could be active. And once Telecom is out of the way the equity market will be primed for a further gentle rise.

Saatchi & Saatchi

There is no stopping the Saatchi brothers. From a small London advertising agency of the early seventies Saatchi and Saatchi has already leapfrogged its way into the number seven slot in the world's league table of billing thanks to organic growth substantially supported by numerous acquisitions. This week the group agreed its largest takeover yet and even more significantly, stepped outside the world of advertising.

Saatchi has agreed to pay $100m, worth £79m at today's exchange rate, for the U.S. based Hay Group. If Hay's profits shape up well enough over the next three years the price could be topped up by a further $25m. Hay is a leading international firm of management consultants with a total of 94 offices spread throughout 27 different countries serving over 5,000 clients.

To finance the deal Saatchi has placed 10.4m shares at 765p each in London, increasing its capital by more than a third. Yet, despite the size of the placing, the City digested the stock without a murmur. Partly this was because the package was backed up by some excellent full year figures. Pre-tax profits came out at £20m against £11.2m, some way above outside expectations.

Also it is fairly clear that the Hay purchase offers considerable scope to capitalise on pooled client lists. Hay is just the beginning of a deeper drive into market research and consultancy and Saatchi still has money in the bank to pursue its ambitious acquisition plans.

Burton's interim

It must have been an exceedingly pleasant week for Mr Ralph Halpern, chairman of Burton, one of the country's most rapidly expanding chains of men's and women's clothing stores. He was able to publish figures for the 53 week period ended the beginning of September showing a £17.5m jump in pre-tax profits to £56.4m which was better than most expectations. Shareholders were presented with a 1½p increase in the dividend to 6½p per share.

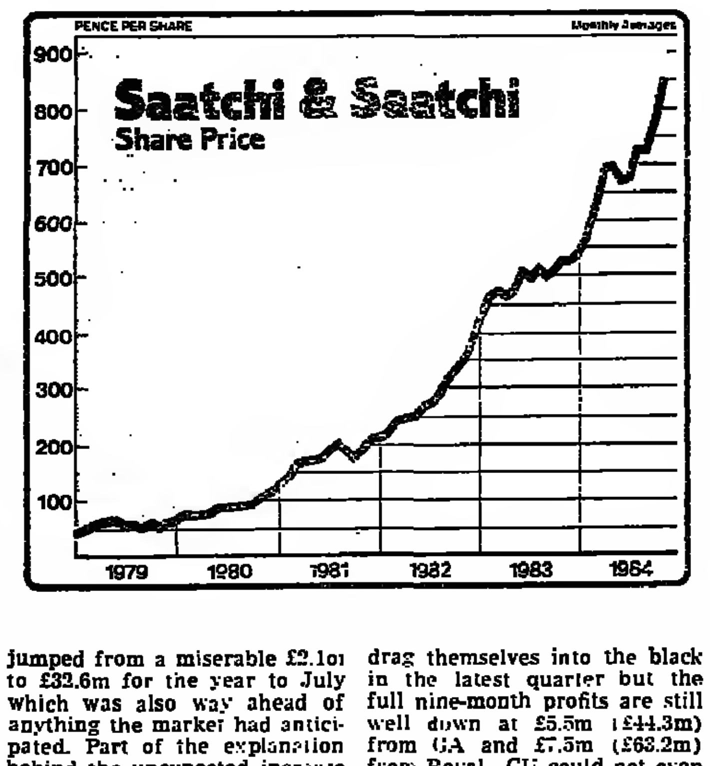
The group is reaping the rewards of a formula which depends upon rapid physical expansion backed by an equally important level of volume growth from existing outlets. The group has already won over 5 per cent of the clothing market.

Last year Burton opened 166 new stores adding around 400,000 sq ft of floor space. That increase accounted for about 16 percentage points of the 39 per cent increase in group sales for the year. Perhaps even more impressive is that fact that the established stores managed to produce a similar figure for the level of volume gain, before taking into account an extra slice for price inflation.

Undoubtedly the Burton management has been handsomely rewarded for its achievements. The pay received by the directors rose from £978,000 to £1.68m last year. Mr Halpern's own remuneration climbed to £348,000 — considerably more than twice the level of the highest paid director of Marks & Spencer last year. Still, he has presided over some spectacular growth at Burton. The latest profits are more than £40m above the achievement of just four years before.

The rapid expansion is showing little sign of weakening. Capital expenditure this year is scheduled to match the £67.5m of the last 12 months with the aim of adding another 400,000 sq ft of sales space. Much of this drive will be behind the new ladies fashion chain, Principles. Some 19 stores have opened since the year end and the hope is that 50 will have their doors open by the end of the current year. The ultimate target is 200.

The City's expectations have now been pushed up to around £75m to £80m pre-tax for the year. Yes, it was certainly quite a week for Mr Halpern, he even got to be a judge at the Miss World contest on Thursday too.



Lucas impresses

Lucas provided a convincing —and quite startling — recovery this week. Pre-tax profits jumped from a miserable £2.1m to £32.6m for the year to July which was also way ahead of anything the market had anticipated. Part of the explanation behind the unexpected increase is that Lucas has pushed £5.3m of extraordinary debits below the line, which is something of a departure from the group's normal presentation. But even so the City had genuinely underestimated the pace of recovery.

The star performer was the automotive division by a very long chalk. It turned a loss of £17.2m into a profit of £10.5m despite another substantial round of redundancy and closure costs. Although the UK auto side still lost £12.4m after £11.3m of reorganisation costs it was marginally in the black in the latest six months which deserves some praise after a loss of £33.1m in the previous full 12 months.

After years of tortuous dieting Lucas' British auto components business has shrunk to a size at which it can make a modest return from servicing the country's depleted motor industry. That process of retrenchment has obviously been hastened towards profitability by the recent upturn in UK car production, which is at its highest level for four years. That upturn in original equipment demand first scented in 1982-83 has continued, though the replacement after-market remains depressingly dull.

Insurance blues

Not such a happy week, however, for Britain's composite insurance sector. Commercial Union, General Accident and Royal Insurance all produced third quarter results and dismal reading they made. Admittedly both GA and Royal managed to drag themselves into the black in the latest quarter but the full nine-month profits are still well down at £5.5m (£44.3m) from GA and £7.5m (£63.2m) from Royal. CU could not even manage to do that. It now has the dubious record of losses for three quarters running.

CU's third quarter pre-tax losses of £161m were worse than the previous two quarters put together and for the full nine months the loss is £30.6m against a profit of £43.8m after underwriting losses £90m higher at £282.5m. It was more depressing than the market had expected but then CU's results have been a dog's dinner for so long that nothing really surprises anymore.

CU has so many problems it is difficult to isolate them but undoubtedly the disastrous experience of the U.S. stands out above all. After years of trying to establish itself as a major player in the American market at a terrible cost to its underwriting account, CU is finally giving up. It is pulling out of large commercial lines, cutting back on its agency list (perhaps the agents are cutting back on CU also) and retreating to a small personal lines and commercial risk operation.

Still the sector as a whole has peppered its statements with cautiously optimistic words about a recent upturn in underlying market trends—ironic that CU should be giving up in the U.S. just as it comes off the bottom—and sentiment appears to be subtly swinging in favour of the shares. The worst of the underwriting storm has been weathered and investors are again paying a little more attention to asset value believing that the predators are still circling.

Terry Garrett

MARKET HIGHLIGHTS OF THE WEEK

	Price y'day	Change on week	1984 High	1984 Low	
F.T. Ind. Ord. Index	920.0	+19.9	924.3	755.3	Cheaper money hopes resurface
Amersham Intnl.	325	+38	326	202	Excellent interim results
BPM A	165	+45	165	93	Bid for outstanding equity
Common Bros.	87	−26	206	85	Annual loss/dividend omitted
Cullen's Stores A	300	+40	300	145	Agreed bid from Watling
East Lancs. Paper	95	+14	98	39	G.M. Firth buys 9.2% stake
Ferguson Ind.	144	−22	166	132	Disappointing interim figures
GEI Intnl.	86	+ 9	92	62	Pleasing half-year figures
Gent (S.R.)	162	−22	210	140	Brokers' downgrade profits
Hambro Life	455	+52	504	357	CJR stake speculation
Harrison (T. C.)	71xd	+22½	72	44	Bid for outstanding equity
Lex Service	308	−27	435	307	Brokers' downgrade profits
LASMO	355	+30	365	257	Takeover speculation
Lucas Inds.	260	+31	260	158	Impressive preliminary figures
Plessey	208	−20	248	182	Disappointing interim figures
Quest Automation	80	+20	80	28	Computer agreements
Rank Organisation	274	+20	280	182	Rumours of subsidiary sale
Renison Goldfields	276	+60	280	150	High gold values at Porgera
TI	234	+24	290	164	U.S. bid speculation
Websters	132xd	+49	139	73	Bid from Octopus Publishing

What will the Fed do next?

NEW YORK
TERRY DODSWORTH

THE MOST powerful man in America had his day a week ago amidst a bout of euphoria in the financial markets. This week the sparkle vanished, leaving all eyes fixed on the lofty figure of the second most important American—Mr Paul Volcker, Chairman of the Federal Reserve Board.

The problem has become a familiar one during a period when the Fed has often seemed a more important economic policy maker than the Treasury. Has the Federal Reserve Board decided to ease monetary policy still further, or has it now brought its more relaxed phase of the autumn to an end?

At the beginning of this week, the mood of optimism which had kept the bond market moving steadily on up since the summer suddenly evaporated, pushing the yield on the government long bond back up to 11.81 per cent by Wednesday. Only a week before, on the day before the presidential elections, it had reached its low point of 11.48 per cent. The change is a measure of the switch in market sentiment to the view that the Fed might not ease credit conditions further.

The markets were not helped by other fears of tighter constraints on borrowing. One suggestion is that the retail sector, which has had a very patchy autumn, is now heading into a buoyant Christmas season. Another anxiety goes back to that charred old chestnut, the budget deficit. The newly elected President held a meeting on deficit reduction this week and reportedly found that the magic of a clean sweep electoral victory is not powerful enough to change the rules of simple arithmetic. Micawber still rules.

Not everyone agrees with some of this analysis. Far from seeing a record Christmas, some analysts fear that the country is now heading into recession. Indeed, Mr Allan Sinai, the highly regarded economist at Shearson American Express, argues that the country has now entered a "growth recession"—a period of growth which is so slow that it is accompanied by rising unemployment.

Neither of these two scenarios points to a particularly healthy equity market. A period of renewed upward pressure on interest rates would bring back the yield problems for the stock market encountered through most of this year. This has been a period when, according to Goldman Sachs, the total return (interest income plus capital appreciation) on U.S. bonds has amounted to 10 per cent, compared to 11 per cent on short-term financial assets, and approximately 4 per cent on stocks in the Standard and Poor's 500 Index.

If, on the other hand, the economy goes into the growth recession mode, there will be more of the same disappointments encountered in the third quarter.

There is, however, a third way, indicated most forcefully by Salomon Brothers and E. F. Hutton. Salomon argues that the slackness in the economy over the next few weeks is a prelude to a further strongish growth phase next year.

Consumer confidence remains high. This year's real gain of 6 per cent in disposable income gives a base for expansion unlike any since the Kennedy years, and inflation remains low. The broking group has also revised its views on interest rates, arguing that they will stay down well into next year to give an additional stimulus to growth.

Salomon believes that this combination of factors gives the economy many of the features of the first year of a normal cyclical recovery rather than the third. It is consequently supporting first year recovery type stocks—consumer cyclicals, technology issues and the building sector.

E. F. Hutton says that it remains very optimistic about the prospects for a long-term, low inflation expansion, along with good productivity gains. Low inflation, it concedes, "wreaks havoc on nominal sales gains and inventory profits" but at the same time, it "increases that likelihood of a prolonged expansion with extended gains for profits."

Whatever the case for benign growth, however, the market mood at the moment is one of cautious agnosticism. In the past seven trading days, the Dow Jones industrial average has lost almost 40 points, eradicating its two-day election jump and once again testing the 1,200 support zone.

Nor do the sectors that the optimists are punting look very strong at present. With house building in steady decline for several months, the market has not been keen on the builders, while high technology stocks have recently suffered from reports of faltering demand.

No wonder that the less bullish investment houses like Goldman Sachs believe that now is a time for strong stomachs in the equity market, or a retreat into the relative security of cash.

MONDAY	1219.19	+ 0.22
TUESDAY	1206.60	−12.59
WEDNESDAY	1206.93	+ 0.33
THURSDAY	1206.16	− 0.77

TREND OF INDUSTRIAL PROFITS
ANALYSIS OF 292 COMPANIES

PROFITS IN the capital goods sector grew more than twice as fast as in consumer-related industries last year, a mirror image of the trend of the preceding 12 months.

That is one of the main conclusions to be gleaned from the following table, which includes statistics from the results of 292 companies with financial years ending between October 1 and December 31 last year. The figures, compiled from the companies in the commercial and industrial sectors of the FT Actuaries, are in £m with the previous year's results in brackets.

They show that the 85 capital goods companies which reported during the period scored an average pre-tax profits increase of 32.6 per cent, while the 55-strong consumer group improved its profits by 15 per cent and the financial sector's profits grew by 139 per cent.

The capital goods group's performance was slightly flattered by a dramatic turnround by the motors sector. The seven companies in that group swung from a combined £17.2m loss into a £32.6m profit, although their dividend payments slipped by 36 per cent.

Elsewhere, the capital goods group's performance varied widely, from a 5.2 per cent profits decline among electricals companies to an 83.3 per cent advance from industrial materials concerns.

Newspaper publishers were the best dividend payers last year. Their average dividend payments rose by 190 per cent.

INDUSTRY	No. of Cos.	Turnover (1)	Profits before Int. & Tax (2)	Pre-tax Profits (3)	% chnge	Tax (4)	Earned for Ordinary Dividends (5)	% chnge	Ord. dividends (6)	% chnge	Cash Flow (7)	Net Capital Employed (8)	Net Return on Cap % (9)	Net Current assets (10)
BUILDING MATERIALS	11	3,941.3 (3,578.2)	446.3 (364.1)	381.8 (305.5)	+65.1	133.1 (100.3)	220.0 (181.1)	+26.5	74.4 (45.7)	+92.8	289.9 (235.1)	2,856.3 (2,453.0)	16.5 (14.8)	590.1 (493.4)
CONTRACTING, CONSTRUCTION	14	5,655.4 (4,905.5)	293.0 (274.3)	232.2 (205.2)	+13.2	86.6 (61.3)	137.3 (135.9)	+1.0	46.3 (32.1)	+18.4	212.7 (206.3)	2,346.6 (2,224.8)	12.5 (12.5)	656.9 (659.2)
ELECTRICALS	3	2,799.3 (2,275.4)	165.7 (172.9)	137.0 (144.6)	−6.2	47.7 (47.3)	70.5 (77.5)	−8.9	32.1 (30.8)	+4.2	104.4 (97.5)	933.9 (906.6)	17.7 (18.0)	368.0 (376.7)
ELECTRONICS	7	1,252.7 (883.9)	159.4 (100.0)	130.0 (21.9)	+42.1	41.0 (35.0)	88.1 (50.0)	+67.3	31.1 (23.2)	+34.1	98.0 (58.2)	638.3 (433.3)	25.0 (23.1)	221.4 (243.2)
MECHANICAL ENGINEERING	31	9,921.9 (6,559.9)	648.7 (621.7)	016.6 (419.6)	+22.9	131.8 (202.1)	368.4 (277.8)	+32.5	100.6 (89.3)	+12.7	473.3 (372.8)	4,916.4 (4,368.9)	13.5 (14.2)	2,481.7 (2,211.7)
METALS AND METAL FORMING	3	2,975.0 (2,801.7)	215.9 (179.1)	148.5 (96.7)	+06.2	62.2 (33.6)	88.3 (54.1)	+63.2	37.1 (28.9)	+26.6	142.8 (111.5)	1,212.4 (1,072.8)	13.4 (10.7)	549.5 (560.4)
MOTORS	7	2,802.8 (2,592.0)	102.7 (65.8)	32.5 (−17.2)	+189.5	32.5 (31.4)	−30.7 (−64.0)	+208.2	3.2 (5.0)	−36.0	46.9 (−6.6)	694.4 (1,236.8)	11.3 (5.3)	86.9 (83.3)
OTHER INDUSTRIAL MATERIALS	9	4,020.9 (2,616.0)	380.2 (237.2)	969.3 (145.1)	+83.3	95.5 (27.0)	158.0 (68.1)	+132.9	07.7 (43.1)	+57.1	194.7 (114.7)	2,664.1 (1,765.2)	14.3 (13.6)	744.1 (500.3)
TOTAL CAPITAL GOODS	86	32,382.9 (28,727.6)	2392.9 (2,019.5)	1,840.2 (1,388.4)	+39.6	621.0 (676.7)	1,112.0 (786.5)	+42.3	392.3 (305.0)	+28.7	1,266.8 (1,199.5)	12,664.3 (13,051.6)	14.4 (13.4)	6,629.6 (5,127.1)
BREWERS AND DISTILLERS	6	242.6 (216.2)	34.2 (31.6)	30.6 (26.2)	+0.2	10.4 (10.4)	20.4 (17.6)	+16.9	7.7 (6.6)	+16.7	19.4 (17.1)	280.0 (272.2)	12.3 (11.7)	12.1 (13.0)
FOOD MANUFACTURING	7	9,799.7 (9,240.1)	749.7 (698.4)	632.3 (590.1)	+7.2	263.8 (238.5)	356.9 (330.3)	+7.8	116.0 (101.8)	+13.6	469.1 (421.5)	4,450.4 (4,103.9)	12.2 (17.0)	1,440.9 (1,388.0)
FOOD RETAILING	1	516.4 (462.6)	11.6 (11.3)	11.5 (11.3)	+1.8	0.7 (4.6)	7.8 (6.7)	+16.4	2.1 (1.8)	+16.7	7.7 (8.6)	49.5 (43.0)	23.4 (25.6)	23.1 (22.5)
HEALTH AND HOUSEHOLD PRODUCTS	3	1,660.4 (1541.5)	182.2 (165.8)	164.1 (131.9)	+24.4	01.1 (46.3)	98.8 (82.2)	+20.2	33.8 (27.5)	+22.9	100.0 (89.2)	640.6 (768.8)	22.6 (21.9)	387.2 (276.3)
LEISURE	2	1,940.7 (1,726.8)	208.1 (176.1)	169.7 (132.0)	+21.0	40.9 (39.5)	116.3 (21.3)	+27.4	49.6 (42.2)	+17.5	183.0 (144.9)	1,550.0 (1,441.6)	13.4 (12.4)	−139.8 (−102.6)
NEWSPAPERS, PUBLISHING	0	625.7 (497.5)	22.2 (41.9)	61.3 (32.3)	+68.8	16.1 (8.1)	33.7 (23.4)	+44.0	14.6 (5.0)	+190.0	34.8 (28.4)	364.3 (287.2)	17.1 (14.5)	26.0 (56.6)
PACKAGING AND PAPER	9	2,097.3 (2,777.2)	183.9 (182.3)	116.8 (110.2)	−0.5	22.0 (37.6)	75.1 (61.1)	+22.9	25.0 (23.9)	+4.6	134.6 (116.2)	1,416.4 (1,416.2)	13.0 (12.2)	301.5 (226.1)
STORES	4	574.2 (455.9)	41.6 (37.7)	36.0 (23.5)	+10.0	13.4 (8.4)	24.0 (14.7)	+62.4	7.0 (4.8)	+02.2	27.6 (18.1)	142.6 (46.7)	87.8 (59.3)	02.6 (17.1)
TEXTILES	7	1,940.0 (1,603.4)	173.4 (148.2)	143.4 (116.6)	+23.0	45.0 (43.2)	00.1 (67.1)	+34.3	23.0 (21.4)	+10.8	108.7 (69.0)	1,039.6 (888.7)	16.7 (10.8)	624.9 (445.0)
TOBACCOS	9	16,227.5 (16,604.7)	1,333.4 (1,209.8)	1,167.8 (1,002.4)	+16.2	429.0 (363.2)	679.0 (585.9)	+16.0	176.7 (152.2)	+16.1	776.2 (689.4)	4,981.7 (4,873.3)	20.8 (24.8)	1,148.4 (1,222.8)
OTHER CONSUMER	2	116.4 (114.6)	6.5 (5.9)	6.1 (5.2)	+17.3	1.3 (0.9)	4.8 (4.3)	+11.0	1.0 (0.6)	+66.7	6.0 (6.0)	22.8 (11.7)	28.4 (50.4)	10.4 (9.3)
TOTAL CONSUMER GRP	65	56,435.9 (34,200.9)	2,997.2 (2,702.2)	9,621.8 (2,122.7)	+16.0	696.2 (600.7)	1,507.4 (1,284.0)	+17.3	468.0 (387.6)	+18.2	1,868.0 (1,610.4)	14,615.3 (14,142.2)	20.7 (10.1)	6,793.1 (3,642.5)
CHEMICALS	9	9,220.7 (9,220.9)	265.4 (601.8)	707.8 (363.5)	+198.4	300.0 (176.5)	426.9 (165.0)	+201.2	164.6 (131.2)	+26.4	734.8 (456.0)	6,343.8 (6,320.9)	15.2 (2.6)	2,006.2 (1,710.4)
OFFICE EQUIPMENT	.4	1,168.0 (1,085.6)	136.1 (166.4)	07.0 (90.6)	+7.2	49.6 (43.9)	44.4 (43.8)	+1.4	25.8 (21.1)	+22.3	50.3 (59.9)	1,102.0 (1,012.8)	12.3 (13.6)	204.7 (196.5)
SHIPPING AND TRANSPORT	12	3,329.3 (3,314.3)	284.6 (274.0)	179.2 (154.7)	+15.8	66.7 (42.8)	110.0 (93.2)	+19.0	53.8 (42.7)	+8.3	205.8 (189.5)	2,546.0 (2,900.1)	11.8 (9.6)	258.4 (278.6)
MISCELLANEOUS	19	3,057.4 (2,802.8)	257.6 (203.2)	205.1 (147.8)	+38.8	73.8 (61.3)	117.8 (80.6)	+67.6	46.8 (31.1)	+47.3	187.2 (123.9)	1,548.2 (1,346.1)	12.6 (15.1)	476.7 (390.5)
TOTAL INDUSTRIAL GRP	184	85,964.1 (78,353.0)	7,032.0 (5,937.1)	5,601.5 (4,387.7)	+69.1	1,997.3 (1,693.0)	6,396.4 (2,458.7)	+38.1	1,140.4 (925.7)	+23.2	4,883.6 (3,628.5)	42,700.2 (40,782.9)	18.5 (14.6)	12,438.6 (11,314.8)
OILS	10	59,049.1 (49,985.1)	9,559.6 (9,086.4)	8,543.4 (7,935.7)	+7.7	6,716.4 (5,619.8)	2,164.8 (1,077.4)	+90.1	725.6 (565.7)	+19.8	4,392.0 (6,441.2)	06,843.6 (33,296.8)	26.7 (27.3)	9,377.9 (4,743.8)
BANKS	4	— (—)	2,117.0 (1,876.0)	1,704.0 (1,914.0)	+12.6	667.0 (395.8)	1,079.0 (1,119.9)	−3.4	969.0 (243.3)	+14.8	1,145.0 (1,164.0)	16,963.0 (13,244.3)	13.0 (14.2)	9,766.0 (8,184.3)
DISCOUNT HOUSES	1	— (—)	— (—)	— (—)	—	— (—)	6.1 (11.4)	−46.5	3.4 (3.1)	+0.7	— (—)	1,803.7 (2,828.1)	— (—)	−2.0 (11.2)
INSURANCE (LIFE)	9	— (—)	— (—)	— (—)	—	— (—)	172.6 (135.4)	+27.4	149.3 (118.4)	+20.2	— (—)	62,393.4 (20,844.9)	— (—)	— (—)
INSURANCE (COMPOSITE)	2	— (—)	— (—)	— (—)	— (—)	— (—)	281.7 (231.6)	+21.6	622.3 (106.7)	+168.9	— (—)	16,905.7 (16,006.7)	— (—)	— (—)
INSURANCE BROKERS	4	— (—)	153.1 (137.8)	148.2 (130.6)	+13.6	72.7 (63.9)	73.8 (66.5)	+19.5	30.4 (28.3)	+17.3	66.2 (60.3)	483.6 (382.6)	33.2 (36.0)	86.4 (70.1)
MERCHANT BANKS	3	— (—)	— (—)	— (—)	— (—)	— (—)	07.4 (30.6)	+22.2	9.4 (8.6)	+9.3	— (—)	7,815.2 (7,013.6)	— (—)	2,730.7 (252.2)
PROPERTY	13	— (—)	191.5 (173.2)	20.0 (80.2)	+10.6	30.6 (23.9)	62.9 (64.9)	+14.8	38.2 (29.2)	+20.1	27.6 (26.2)	8,656.0 (2,245.8)	7.1 (7.7)	67.0 (58.2)
OTHER FINANCIAL	7	— (—)	404.4 (347.6)	336.3 (261.2)	+19.6	139.3 (116.0)	149.0 (134.6)	+10.7	55.2 (46.7)	+21.7	146.7 (131.6)	9,398.4 (1,945.3)	16.9 (17.6)	1,134.2 (1,586.1)
TOTAL FINANCIAL GROUP	60	— (—)	9,856.0 (2,534.6)	9,285.1 (2,006.6)	+13.6	801.6 (022.2)	1,862.5 (1,780.9)	+4.6	1,076.6 (663.9)	+61.7	1,374.5 (1,374.1)	79,589.0 (62,911.3)	3.5 (4.0)	13,761.4 (10,142.1)
INVESTMENT TRUSTS	37	— (—)	124.6 (106.4)	02.0 (21.0)	+3.7	35.6 (36.9)	56.1 (56.0)	+0.2	66.2 (53.1)	+2.0	— (0.9)	3,377.2 (2,347.4)	3.7 (4.5)	101.5 (−23.0)
MINING FINANCE	1	4811.0 (3,680.4)	773.5 (504.1)	675.2 (341.0)	+68.7	301.3 (176.2)	149.7 (92.8)	+61.3	54.5 (41.3)	+32.0	410.1 (317.2)	6,863.7 (5,257.9)	13.2 (9.6)	1,609.6 (1,088.8)
OVERSEAS TRADERS	10	6,660.3 (5,454.3)	067.0 (678.3)	182.1 (168.3)	+38.9	93.8 (65.4)	27.8 (50.5)	+47.6	49.0 (46.5)	+7.1	98.2 (77.7)	8,226.6 (2,122.2)	00.0 (13.1)	549.0 (017.7)

NOTES ON COMPILATION OF THE TABLE

The classification is that of the Institute and Faculty of Actuaries used in the daily Financial Times—Actuaries Indices.

Col. 1 gives turnover, exclusive of VAT unless otherwise indicated.

Col. 2 gives profits before interest and taxation, that is to say profits after all charges except loan and other interest but before deducting taxation provisions and minority interests.

N.B.—Certain companies, including merchant banks, discount houses, insurance and shipping companies are exempted from disclosing the full information required under the Companies Act 1948.

Col. 3 gives Pre-tax Profits, that is to say profits after all charges including debentures and loan interest but before deducting taxation provision and minority interests.

Col. 4 groups all corporation taxation including Dominion, Colonial and Foreign liability and future tax provisions but excluding adjustments relating to previous years.

Col. 5 gives the net profits accruing on equity capital after meeting—
1—Minority interests.
2—All prior charges—sinking fund payments, etc. and Preference dividends and
3—Provisions for staff and employees pensions funds where this is a standard annual charge against net revenue.

Col. 6 sets out the net cost of dividend on equity capital.

Col. 7 is the capital generated internally over a year's trading. For the purposes of comparison equity earnings plus depreciation less equity dividends is the recognised method of computing this figure.

Col. 8 constitutes the total net capital employed. This is the total of net fixed assets—excluding intangibles such as goodwill—plus current assets less current liabilities, except bank overdrafts.

* For merchant banks and discount houses a more realistic figure to quote is the balance-sheet total.

Col. 9 represents the net return on capital employed. Col. 2 as a percentage of Col. 8 provides an indication of average profitability.

† Excluding merchant banks, discount houses and insurance (life and composite).

Col. 10 net current assets are arrived at by the subtraction of current liabilities and provision from current assets.

‡ No figures given.

Anglo goes South America way

MINING
KENNETH MARSTON

NOT TO PUT too fine a point on it, the Oppenheimer camp tends to come unstuck when it moves away from Africa. In Australia, for example, De Beers missed the big Argyle diamond deposits while Australian Anglo American seems to have got lost somewhere in the outback.

On the wider scene the group's much-vaunted Minerals and Resources Corporation (Minorco) is still bogged down in a "jam tomorrow" situation after having endured some heavy going since it set out bravely as a new "major international finance company" back in 1974.

Still, perseverance pays they say and like others the group is intrigued by the mineral potential of South America. In fact it made a major move into the continent three years ago with the purchase for $115m of a 40 per cent stake in the Empresas Sudamericanas Consolidadas mining setup from Consolidated Mining and Industries (CMI).

This week the Oppenheimer group has announced that it is acquiring from CMI the remaining 60 per cent of Empresas. Ownership of the company will now be split as to 50 per cent by Anglo American Corporation and associates, 25 per cent by De Beers and 25 per cent by Minorco.

Empresas holds all the South American operating assets of CMI. In Brazil these include the Codemin nickel mine; the Copebras-Fosfago producer of carbon black, fertilisers, industrial phosphates and gypsum; and the Catalao columbium mine.

Then there is the sizeable Mantos Blancos copper mine in

1-6bn compared with an esti

Chile; the expanded Arcata silver producer in Peru; and the Argentine Petrosur fertiliser operations.

There is no mention of any gold operations in the package but Empresas seems a reasonable acquisition with profits for the first half of this year of US$15m (£12m) following a total of US$27m in 1983.

The curious thing about the latest announcement is that the Oppenheimer group carefully does not say what it is paying for the latest acquisition whereas no such coyness was displayed three years ago with the original purchase. All the group does say is that the net asset value of Empresas is approximately US$200m.

CMI, a privately-owned group, will press on with its other activities which include international trade in metals and minerals carried out under the name of Hochschild Trading Corporation.

Metal trading has become a tougher business in recent times so, perhaps, CMI's sale of the Empresas holding has let the Oppenheimer group in on favourable terms.

Back in South Africa, the group's Anglo American Coal Corporation (Amcoal) is now doing a good deal better than its chairman, and many others, expected earlier this year.

Mr Graham Boustred said in the annual report in May that earnings for the current year to next March "will not be significantly below" those of 1983-84.

Since then, however, the previously over-supplied export market for coal has taken a turn for the better, helped by a reduction in exports from the U.S. and the UK. Prices have begun to edge up again as we have seen with recent contracts for the supply of Australian coal to Japan.

After having paused in the year to last March, earnings of Amcoal have resumed their upwards trend. This week the group has announced a 28 per cent increase to R89.3m (£31.4m) in its net profits for the six months to September 30.

Special factors in the improvement have included profits from new collieries serving the South African domestic market, a "significant" increase in interest received and, to some extent, the benefits of the conversion of export revenue in U.S. dollars into lower value South African rands.

Importantly, however, Amcoal has been able to step up its export sales and has said that it expects earnings for the full year to show a similar increase to that reported for the first half.

This suggests that the group is confident that the improvement in the market for coal is likely to be maintained and, for good measure, Amcoal has lifted its interim dividend to 62.5 cents from 50 cents a year ago when the subsequent final was 95 cents.

An early taste of Christmas cheer has also come for Australia's MIM Holdings and the Consolidated Gold Fields group's Australian arm, Renison Goldfields Consolidated. Both can do with it, suffering as they are with low prices for their base metal production.

The good news comes with the latest drilling operations at the Porgera gold prospect in Papua New Guinea where the two companies together with Canada's Placer Development are equal partners.

The prospect has already been shown to hold an estimated 59m tonnes of ore grading an acceptable average of 3.56 grammes gold per tonne plus some silver and could support an open-pit operation and, subsequently, an underground mine.

The latest news is that further drilling has confirmed that there is also an area—known as Zone VII—of richer gold mineralisation at the prospect.

Average gold grades ranging from 3.3 grammes up to 33.9 grammes have been found and judging by the thicknesses of the mineralisation cut by the drills the chances are that there could be a sizeable orebody present.

● America's Amax diversified natural resource group could have a more painful than expected fourth quarter result in store after having managed to produce nine months profits of $21.1m against a loss of $122m in the same period of last year.

According to U.S. reports a study of the value of the group's agricultural chemicals business prompted by the depression in prices of phosphate and potash could lead to a write-down of "less than $200m" in the current quarter.

هكذا صدر الأصل

FINANCE AND THE FAMILY

CGT and a house divided

In 1970 we bought a semi-detached cottage and started altering it to our requirements. While the work was going on the attached cottage came up for auction and we bought it and turned the two cottages into one house and had it recognised as one by the rating authorities. In each house we now have two bedrooms, a bathroom, two reception, etc., and we have kept both staircases. We have occupied the house as one for the whole period and have not let any of it.

We are now pensioners and want to cut down on space and overheads. It would be a very simple matter to brick up a doorway between what was the two cottages and sell one and retain the other.

What should be the position regarding CGT?

At the moment the services are shared. Would it affect the case if we installed separate central heating, etc., in the part we are going to sell and if so to what extent?

The solicitor who will be acting for you in the sale will be able to guide you through the CGT (and income tax) maze. The prospective tax bill will depend upon the attitude of the tax staff who look at your tax return, and—if the assessment goes to appeal—upon the view of the General (or Special) Commissioners as to what is just and reasonable, by virtue of section 103 (2) of the Capital Gains Tax Act 1979. Section 103 (3) will impose tax upon the portion of gain which is attributable to the expenditure mentioned in the fourth and sixth paragraphs of your letter, and upon the portions attributable to any earlier items of expenditure which were incurred partly for the purpose of realising a gain from the disposal of either the combined cottage or one or other of the halves. In calculating the gain, you will get no relief for the cost of the work done at the outset which has been reversed before the sale contract is made, because of the provisions of section 32 (1) (b) of the CGT Act.

As a first step, before consulting your solicitor (or accountant), ask your tax office for a copy of the free pamphlet CGT4 (Owner occupied houses). This gives only a sketchy outline of the complex and arbitrary rules, however, so do not place too much reliance upon it. If you wish to check the law, you could look up sections 101 to 103 of the Capital Gains Tax Act 1979 in a local reference library in, say, the British Tax Encyclopedia or Simon's Taxes.

Looking after the wife

I am concerned at the reply given to the question on November 10 under the heading "Looking after the wife."

You seem to imply that when shares are transferred to a spouse on death there is a liability to Capital Gains Tax. I understood that such transfers pass over and the question of CGT does not arise until the shares are eventually sold by the surviving partner.

This is correct, no charge for CGT would arise.

No answer, came the loud reply

I am responsible under a Court Order for the payment of school fees for my children who live with my former wife. Some time ago I obtained a generally worded order in the form of "such sum as after the deduction of tax at the basic rate will equal the school fees payable . . . ". This obviates the need to return to the Court each time there is an increase in school fees. Such wording has been accepted by the Inland Revenue.

I now wish to have a similar order made in respect of the mortgage interest I pay, again under Court Order, in respect of the former matrimonial home. I am advised by lawyers specialising in these matters that the Revenue will not accept such a generally worded order for this purpose. I have written several times to the policy division of the Revenue at Somerset House asking for a ruling but my letters are completely ignored and not even acknowledged. I thus have two questions:

1—Is there any way one can "force" the Inland Revenue to answer a specific point?

2—If the Divorce Registry is willing to grant an Order worded in such general terms and the Revenue refuses to accept it when computing tax can the argument that it is behaving unreasonably in view of its acceptances of general orders for school fees be used and if so to whom would my appeal then be directed?

1—No: there is no general statutory duty upon the Inland Revenue to advise taxpayers upon the taxation consequences of contemplated transactions, and it is unlikely that the Ombudsman would consider that there has been maladministration, in the circumstances outlined. To save staff (and money), the Inland Revenue does not generally acknowledge letters, unless they have remained in teir "in" trays for very many weeks—so taxpayers have to trust in the infallibility of the Post Office.

2—No. If however (after seeing a copy of the court order), the Inland Revenue allowed more than, say, 15 months to elapse before commenting upon it unfavourably, that would probably be considered by the Ombudsman to be maladministration.

Tax relief on auditors' fees

For some years I have used the services of a firm of accountants for the purpose of establishing my Capital Gains Tax position. The computations apply entirely to my dealings in stocks and shares. There is nothing else involved.

Can you tell me if I am able to claim from the Inland Revenue for the fee(s) to my accountants for carrying out this work?

Presumably you will find that the accountants have, in fact, already taken their prespective fees into account in computing your chargeable gains, year by year, to the extent that their fees related to ascertaining established market values or to making valuations or apportionments (by virtue of section 32 (2) (b) of the Capital Gains Tax Act 1979, or by virtue of paragraph 4 (2) of schedule 6 to the Finance Act 1965 for years before 1979-80).

There is no tax relief for the remainder of their fees, because most MPs consider that the CGT rules are so simple that all taxpayers can do their own calculations, without the luxury of professional help.

Pensions as taxable income

I am a self employed person and for a number of years I have paid into my pension funds an amount that exceeds the percentage on which tax relief is granted. Apart from the loss of tax relief, will the excess be ultimately treated any differently from the permitted percentage when it comes to receiving my lump sum and annuity payments in 5½ years' time.

The portion of the retirement annuity which is attributable to excess premiums will be taxable as investment income (in accordance with Section 226 (1) of the Income and Corporation Taxes Act 1970), which may have a significant affect upon your tax bill during your retirement.

If you have no accountant, we suggest that you discuss the position with your insurance broker, or with the insurance company.

No legal responsibility can be accepted by the Financial Times for the answers given in these columns. All inquiries will be answered by post as soon as possible.

UNLISTED SECURITIES MARKET

Sometimes the chips are down

THE COMMON perception of USM computer companies as being a band of highly rated pioneers at the forefront of technology is outworn and misleading.

That, at any rate, is the main conclusion of the latest review of the sector by stockbrokers Fielding, Newson-Smith. In a myth-dispelling survey of the 25 best known USM computer companies, Fielding's James Dodd argues: "With one or two notable exceptions, the technology offered by the firms is in no way comparable to that resident in any of the divisions of the electronic majors or second-liners. In most cases, it at best fills niches in markets left uncovered by the bigger firms."

As a result, seven members of the group currently stand on prospective earnings multiples of less than 10, as against an average of 13 to 15 for the electronics sector generally. Prices, however, are still very volatile. Dodd reckons that 15 members of the USM computer group have underperformed the FT All-share index since flotation, while 10 have outperformed the market.

"With unpredictable growth potential and managements unused to guiding the market, City expectations are often disappointed — a far more injurious experience than ensuring realistic expectations from the start," warns the survey.

Commonly encountered minefields include chip shortages, product development delays, inadequate or over-ambitious production facilities, and sales hitches. Fully listed computer industry investments are generally more attractive, argues Dodd, because they are bigger, more stable, and more likely to have a genuine technological edge.

USM-quoted software service companies are the major exceptions, and appear to be cheaper than their full market equivalents, the survey points out. They include Rolfe & Nolan, NMW Computers, MMT and Consultants (C&F), which are on average earnings multiples of just over 12, as against almost 35 for the nearest fully-listed counterpart, Systems Designers.

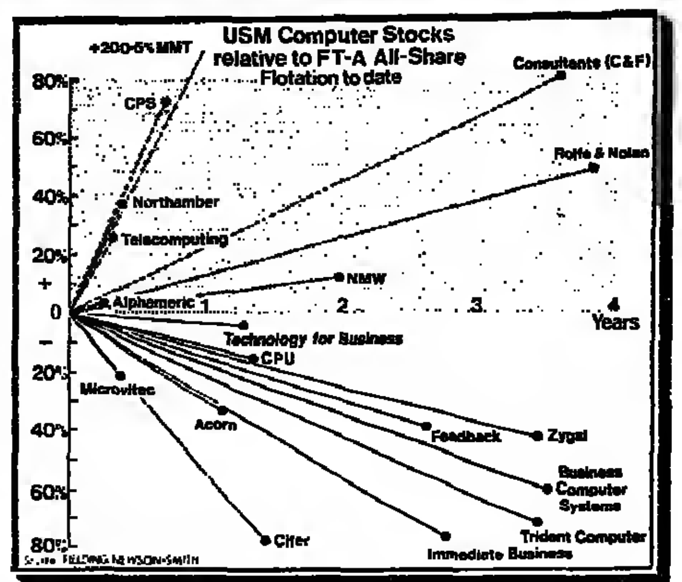
"Fully listed software services command an enormous premium due to anticipated demand for such broadly offered services, but USM service firms are often perceived to have a dangerously narrow client base," says Dodd.

Despite their apparent cheapness, the USM software companies have scored an average share price gain of 103 per cent since flotation, outperforming the FT All-share index by 61 percentage points. Unlisted computer hardware manufacturers show an average 20 per cent loss on the same basis.

Dodd identifies computer hardware as the "high risk/high payoff subsector." Its constituents face the problem of having to compete in a saturated market against groups many times their size which can achieve economies of scale denied to them.

On the other hand, rich pickings are in store for companies able to exploit a niche too small to be of interest to the majors, like Acorn in the educational market, Alphameric in keyboards and Microvitec in colour monitors. But even Acorn's share price has come under pressure from general anxieties about the home computer industry.

"If overambitious marketing or product development plans lead to a flattening of profits growth or a fall, then prices will react dramatically," warns the survey.



The paper tigers

TAKEOVERS HAVE been raging fast and furious on the USM recently, highlighting one of the key attractions of the junior market to expansion-minded entrepreneurs.

The opportunity presented by a USM flotation to use quoted shares as a currency for acquisitions has not been lost on the four companies which have used their paper in the past 10 days to finance purchases of private groups.

They include the design consultancy Michael Peters, which incidentally published what could be the world's first pop-up annual report this week, and is paying an initial £1.35m, including 500,000 shares for Cockade, a designer and installer of exhibitions.

In its fourth acquisition this year Equipu, the office equipment group, is taking over Purdie and Kirkpatrick, a company in the same business, for £1.85m in shares and cash. The Hardanger Properties development group, meanwhile, has made an agreed share offer, with a small cash element, worth around £1.9m for Eyre and Sons, a property-rich furniture retailer.

LPA Industries, a maker of industrial electrical accessories, is purchasing Crawley Refrigeration from the receivers of the defunct Acrow industrial group for £220,000 in cash, the only takeover of the week not to include a paper element. Last in the line is Technology for Business, a supplier of computer systems to the legal profession, which is buying RAIR, a business computer manufacturer, in an all-shares deal worth about £240,000.

The purchase price includes 200,000 options in TFB shares redeemable over a period based on RAIR's future profits performance. Both the Equipu and Michael Peters deals also include instalment payments geared to future profitability.

Geoff Douglas, stockbrokers Hoare Govett's USM expert, comments: "Part instalments have obvious attractions to small businesses when they don't want to be too financially stretched by their purchases." And performance-linked payments have the additional advantage of ensuring that the new recruits are kept hard at work, thereby reducing the risk to the purchase of earnings dilution.

William Dawkins

BPM Holdings plc

CHAIRMAN'S STATEMENT

The 41st Annual General Meeting of BPM Holdings plc was held on November 16, 1984, in Birmingham.

The following are extracts from the statement by the chairman, Mr. R. P. R. Iliffe:

The results for the year as a whole show a welcome improvement over the performance of the last two years. The profit on ordinary activities before tax of the Group for the 52 weeks to the 30th June, 1984, rose to £3.3m compared with £1.4m in 1983.

In brief, the newspaper publishing side of the Group contributed £2.3m towards the profit, the newsagents' shops £1.6m and our other activities £0.4m; from which £1.0m has to be deducted for the losses of our greetings card chain and retailing's share of group finance costs.

In February this year your Board declared an interim dividend of 7.5%, an increase of 18.6%, reflecting both the better results and the objective of continuing to reduce the disparity between the interim and final dividends. In line with this and our other objective of trying to maintain even growth, the Board now feels able to recommend a final dividend of 17.5% which means that the dividends for the year as a whole will be 25.0% compared with 23.1% last year.

At the end of June, as a result of our holding of Press Association shares, we received 1,393,826 Ordinary 'B' shares in Reuters Holdings PLC. We sold just under 80% of our holding at the time of the Reuter's flotation, raising £2.7m before tax.

The year under review has seen a significant improvement in the fortunes of our newspapers published from Colmore Circus, which together produced a profit of £1,940,000. We have also seen encouraging results both from our London weeklies published by London and Westminster Newspapers Limited, and from the Burton Daily Mail Limited.

Unhappily, the fortunes of the West Midlands Press Limited as a separate company continued to decline, and a decision was taken half-way through the year to close down that company's office and transfer its publishing activities to Colmore Circus. This was a sad and difficult task. Sad because it meant the voluntary redundancy of just under one hundred employees, and difficult because those who did transfer had to be retrained to adapt to the Birmingham Post & Mail's working practices whilst at the same time ensuring that none of the titles missed an edition.

Recognising pressures placed upon the Colmore Circus workforce both at present and anticipated in the future, The Birmingham Post & Mail Limited placed a £2.5m order for a sophisticated computer system for the editorial department. The installation of this equipment will be completed by the end of the year. A further major investment in re-equipping the publishing room was also made during the year.

The decision to relaunch *The Birmingham Post* in its new tabloid format was only taken after the most careful consideration supported by market research. In its new guise *The Birmingham Post* will continue to provide detailed business and financial news and comment but should prove more attractive to local and national advertisers. The initial reaction to the change has been most encouraging.

The Burton Daily Mail Limited experienced a particularly good year, achieving a profit of £158,000 during the eleven months since our involvement, and is currently negotiating for the purchase of a small web-offset press so that it can improve the printing quality of its own newspapers and contract print for other customers. Our London Weeklies also maintained their highly profitable record of recent years, producing £272,000 in the year, and our associate North Wales Newspapers had another good year.

During the year the restructuring of our newsagent activities was completed. T. Dillon & Company Limited changed its name to Dillons Newsagents Limited to identify more clearly the nature of its trade. David Mallows & Co., Limited became its subsidiary and Dillons Newsagents Limited now includes all the assets and trade of both Mallows and Argus Shops Limited. These two companies will continue as agents for Dillons to manage the separate groups of shops in the Thames Valley and Sussex areas. The performance of Argus shops has been particularly good during this year, with profits before tax of £472,000 from its 43 branches.

The results from Supercards Limited, a loss before tax of £922,000, coming after the major losses last year must seem very disappointing. The poor results were due in part to continued difficulties in realising old stocks but the new management team has brought operations under tighter control. The loss was increased by the decision to provide for the costs of disposing of loss-making branches.

The Group's involvement in the paper and packaging industry is now through two related company interests, Chapman Industries plc and Arthur Woollacott Limited. Our former subsidiary company, West Midlands Envelopes Limited, was sold to Chapman in August, 1983, and our equity stake in that company was increased from the original 15% acquired in consideration to 20% in January 1984. Chapman's year ended on 31st March, 1984, and their total pre-tax profits increased from £629,000 to £823,000.

As compared with the similar period a year before, Arthur Woollacott's profits increased by almost 50%, largely as a result of higher investment profits and income.

Again I should like to place on record my grateful thanks to all members of staff who have contributed towards our further progress on the road to recovery and better performance.

The Report and Accounts were adopted and a final dividend of 17.5% was approved.

BPM Holdings plc
28 Colmore Circus, Birmingham B4 6AX

SAVINGS OFFERS

YOUR SAVINGS AND INVESTMENTS

PENSIONS

Little joy for the job changers

ERIC SHORT on the new Social Security Bill

NORMAN FOWLER, Social Services Secretary, after months of discussion on the various problems facing the pensions industry, has finally decided on how he intends to tackle some of the problems.

The Social Security Bill, published yesterday, sets out remedies for the loss of pension rights for job changers and gives rights for employees to know what is going on in their pension scheme.

But in spite of Norman Fowler's claims for a radical step forward in protecting the rights of employees it is a mouse of a solution that has emerged from the mountains of labour that have gone before.

Thousands of words have been written on the treatment by pension schemes of employees who change jobs. All that an employee with five years membership of a pension scheme can expect legally is a deferred pension from an old "previous employer's scheme" based on length of service and salary at the time of leaving.

For the majority of schemes in the private sector, that pension is frozen. No increases are made for inflation until retirement date. Public sector and a few private sector schemes do revalue in line with the Retail Price Index. Some other private sector schemes revalue at 5 per cent or the RPI if less.

The proposed solution in the Bill is that all pension rights accruing from January 1, 1985 will be revalued by the RPI up to a limit of 5 per cent in any year. This will apply to employees who change jobs after the legislation comes into force.

So the Bill does nothing for existing early leavers and will not really be effective until the next century. Employees changing jobs will for many years still have to rely on the whim of their employer to get pension rights maintained.

It is debatable whether this legislation will give job changers a lever to get employers to do more than is legally required.

The argument against making the revaluation retroactive has been on political grounds and on the cost implications to employers. Estimates of the addition to employers' pension bills vary. But there is nothing to stop the employer meeting these costs by cutting back on other benefits except pressure from employees and their trade unions. However, it is expected that most employers will meet the costs without cutting benefits.

Secondly, the Bill proposes to give employees the right to a lump sum transfer payment in lieu of the deferred pension which they can either take to their new scheme or invest in a buy-out annuity from a life company.

Most large and medium sized pension schemes already allow transfer payments. The main cause of complaint from employees has been the comparatively low sum paid.

The transfer value is calculated by the actuary to the pension scheme and is based on such factors as assumptions on future investment returns and mortality rates. The actuaries claim that the transfer values represent a fair value of the deferred pension, but almost all employees feel they are getting a poor return.

The Government is still talking with the actuaries. We will have to wait until the regulations are published before we know whether pension scheme actuaries will still be able to use their judgment unfettered by the law.

The right of employees to financial and other details of their pension scheme is sound in principle. But only a pensions expert will understand the information provided. The right of disclosure will be of more use to those who can hire the necessary experts.

The *administration* looks cumbersome and a further burden on trustee and pension managers.

Clive Wolman looks at the options for prospective investors in BT.

Time to take stock of Telecom

THE GOVERNMENT'S advertising of British Telecom shares and the unprecedented range of perks being offered to small investors have thrust a difficult decision before the general public.

The decision tree on page 24 runs through the choices you must make. Here are some of the considerations to bear in mind as you decide.

On the one hand, the £18 vouchers which can be used to pay telephone bills should make the returns from holding British Telecom shares for a short period highly attractive for the small investor. An article on these pages five weeks ago indicated that an investor buying £500 worth of BT shares and holding them for seven months could achieve a tax-free return of over 30 per cent.

But this figure assumes that investors able to withdraw all the £350 they will have to invest in those seven months (they will have to pay only the first two of three instalments if they sell at the end of next June).

There is a high probability that the share price will rise when dealings begin on the stock market at the end of the month, because the price of 130p fixed by the Government yesterday is likely to be below the market's valuation. But thereafter there is no guarantee that the share price will not fall.

You should also remember that a stockbroker's commission will be deducted from the money returned to you when you sell your shares. However, under a special concession, the stockbrokers who are regional coordinators (see prospectus) will charge only £5 commission for £250 worth of shares and £10 for £500.

In the longer term, the risks multiply of a fall in the share price. The price is likely to be particularly volatile in 1987-88 as the next election approaches and, with it, the danger that a Labour Government will renationalise BT by paying only the original price to shareholders.

If you have invested £3,000 in the shares, you will continue to receive extra telephone vouchers every six months you hold the shares until December 23, 1987.

But the yield from investing £3,000 and waiting for three years is much less than that from investing £500 for seven months. If the share price does not move, the yield will be 7.14 per cent, after the deduction of basic rate tax on your dividends. But that is still higher than the yield you would expect from any other blue-chip stock in a monopoly position with strong growth prospects.

In fact, if the share price does not fall, you will obtain an even higher return by going for the bonus option. This will give you one extra share for every 10 you own up to a maximum investment of £5,000.

A husband and wife with plenty of cash to invest can get the best of both worlds by arranging for one spouse to take the vouchers and the other the bonus shares. Thus they can get perks on up to £8,000 of their investment.

Bonus shares can also be attractive if you will be unable to make full use of the vouchers. You can use them only to pay a telephone bill in your name—or your spouse's. And you can use only one voucher for each quarterly bill. Each voucher expires 10 months after the date on which you qualify for it. The vouchers are posted to you six weeks after the qualifying date.

So if you are going to be away from home or not using your telephone for some other reason for any length of time around the qualifying dates, the vouchers will be wasted.

You can use traded options to protect the value of your shares if you fear the share price will fall.

To squeeze out all the risks of price fluctuations, you will need to hedge shares to the value of £8,500 (on the initial share price). This will cover the anticipated bonus shares as well.

When dealings start in BT traded options in December, you should *write* (*i.e. sell*) call options for the August 1985 series on the requisite number of shares. You should use the money you make to buy put options in the same series on the same number of shares. In fact you will need to spend only a part of the money you have made from writing calls — and this will further boost your returns.

When August arrives, you liquidate your options and repeat the process with May 1986 options — and then again for February and November 1987.

All this administration sounds complex. But a stockbroker dealing in traded options should be willing to carry out all the paper work and the dealing for you at the right times. His commissions and associated charges over the three years will come to about £100.

Even after these charges your overall returns should be significantly *higher than* investing in, say, a building society or other risk-free medium, particularly if you are a higher rate taxpayer.

A complete hedge, achieved by writing calls and buying puts, is not the only way of making use of traded options. Other possibilities will be discussed in a later article.

A bullish view

STOCKBROKERS Laing and Cruickshank have long been specialists in the field of investment trusts and the launch of their annual review on Investment Trust Companies gives them the opportunity to air their views on the state of the investment trust sector.

This year Garth Milne, head of L and C's investment trust department is bullish about conditions for the return of the private investor to investment trusts—a sector dominated by the institutions.

He feels the British Telecom launch will stimulate the private investor's interest to hold shares again and the move of stockbrokers into the high street will provide easier access to stock markets. So what better holding on which to cut one's teeth than investment trusts?

L and C feel that investment trusts and the Association of Investment Trust Managers should do market research on investor attitudes before embarking on advertising and promotional campaigns. Investment trust shareholders could be getting questionaires with the next report and accounts.

The Laing and Cruickshank annual gets heavier each year as more information is provided on trusts, managers and the state of the sector. It is a must for the advisor and the dedicated amateur investor, but not for the first time punter.

Eric Short

George Graham reports on the end of the interest rate war

Who wins, borrower or lender?

BUILDING SOCIETIES are breathing a scarcely disguised sigh of relief at the apparent end to their interest rate war.

"I am glad we have been able to reduce out mortgage rate to more sensible levels," said Tony Stoughton-Harris, Chief General Manager of the Anglia Building Society. "In future I think we can expect more sane, orderly changes."

For borrowers the cut in mortgage rates is a welcome relief, but for savers it means another round of analysis if they are to stay in the highest-paying accounts.

The golden days for savers may be drawing to a close: the higher interest rate accounts, which have in recent months been offering exceptionally attractive returns, are for the most part being cut by more than the ordinary share accounts, narrowing the range of interest rates available.

"There was an acknowledgement that we were offering too much in market terms," said Roy Gravestock of the Halifax Building Society. "The borrower was having to contribute too much."

Most major societies are lowering rates on their higher interest accounts by 1.3 per cent, and on ordinary share accounts by 1 per cent. Ordinary share accounts now attract an almost universal rate of 6.75 per cent.

But the Leeds Permanent is only dropping its mortgage rate to 12 per cent, slightly above the other leading societies. It will therefore need a slight edge on its investment rates to balance borrowers against lenders.

Its ordinary share account will move, like those of other societies, to 6.75 per cent. But its immediate access Liquid Gold account, credited by some observers with moving the battle for savings away from the small- and medium-sized societies and into the big league, will drop only 1.25 per cent to 8.0 per cent. At this rate it is still competitive with seven-day notice accounts at, for instance, the Abbey National or the Woolwich.

YOUR GUIDE TO THE BEST RATES

	Repayment mortgages base rate	Endowment mortgages	Ordinary share account	Cut in higher rate accounts
Halifax	11.875	12.375	6.75	1.3
Abbey National	11.875	12.375	6.75	1.26-1.28
Nationwide	11.75*	12.25	6.75	1.3
Woolwich	11.75*	12.25	6.75	1.3
Leeds Permanent	12.0	12.5	6.75	1.25-1.33
Anglia	11.875	12.375	6.75	1.3
Barclays	12.5*	13.5	—	—
Midland	12.5*	13.5	—	—
NatWest	11.75*	12.75	—	—

* No differentials for larger mortgages.

The trigger to the interest rate battle was the 28th issue of National Savings Certificates, which offered 9 per cent tax-free to investors. While the issue was on sale building societies saw their inflow of funds from investors dwindle.

It dropped to £133m in August, the lowest monthly figure for three years, before recovering to £887m in September. But October's inflow, as societies tried to outbid each other's rates, is estimated to have reached a record £1.15bn.

This was all very well while it lasted, but building societies have to perform a balancing act between borrowers and lenders. High interest rates to savers meant high mortgage rates for homeowners. In particular, most societies put the burden on their larger borrowers, with interest rate differentials of as much as 2 per cent for mortgages over £40,000.

The immediate consequences of the drop in mortgage rates are not yet entirely clear. The Halifax, the largest of the building societies, has reduced the surcharge in the highest mortgage band. With a base rate of 11.875 per cent applying to mortgages up to £25,000, Halifax will charge an extra ½ per cent on loans from £25,000 to £30,000 and an extra 1 per cent on all loans above that.

Nationwide has gone still further by dropping differential interest rates altogether. Its single rate of 11.75 per cent brings it into line with the Woolwich, which alone has shunned differentials throughout.

The Woolwich's stand has made it the cheapest society for larger mortgages for several months now, and the result has been a steady demand for loans. It still has a waiting list of six to eight weeks, and welcomes the Nationwide's move as taking away some of the pressure.

Some other societies have found it harder to find borrowers, and have even resorted to advertising the availability of funds on television. Others have not found this necessary, in spite of charging interest rate differentials for larger loans.

The Halifax, for example, finds that its average new loan is around £22,000, which is still within the band charged at the base rate of 11.875 per cent.

It is lending as much money as it planned to do, around £5m a month and at the moment is able to give mortgages only to existing investors.

The scarcity of borrowers has been more noticeable, however, for societies which charge more for loans over £15,000. There is now speculation that some will be forced to abandon differentials at least for mortgages under £30,000.

What of the banks? NatWest has dropped its mortgage rate by 1 per cent, in line with the building societies, and now charges 11.75. Midland has also dropped by 1 per cent, but this only takes its rate down to 12.5 per cent.

Barclays, which has not yet lowered its home mortgage rate, had been offering 12.5 per cent since September 3. The banks also charge 1 per cent extra for endowment mortgages, whereas for building societies ½ per cent is the rule.

So the interest rate war is over for the time being. Or is it?

The Bristol and West Building Society was following the pack by lowering its mortgage base rate to 11.75 per cent, but it will not, for the time being, change its interest rates for investors.

"Of course, the mortgage and investment rates cannot remain out of line indefinitely," said Harry Chadwick, the society's general manager, "but in today's volatile market we want to keep our options open as far as investors are concerned."

Investors may find it is better to wait a while before switching to a new account whose interest rates look attractive now. Societies may find that they cannot afford to maintain high investment rates while lowering mortgage charges for long after the flotation of British Telecom.

BUSINESS EXPANSION SCHEME

Central City, a sign of things to come

TIM DICKSON reports on one more way to beat the taxman

WITH LESS than five tax sheltering months to go to the end of the current financial year, investors should brace themselves for a spate of new share issues under the Business Expansion Scheme (BES). Opportunities at the moment are *admittedly few* and far between but the announcement by London licensed dealers Johnson Fry and Co this week that they are sponsoring the issue of 5m £1 shares in Central City Conversions is a sign of things to come.

By giving full tax relief on investments in unquoted trading companies the BES, of course, is designed to encourage the creation of new, high risk businesses in the UK. But despite the *claim* on Wednesday by Mr John Moore, Financial Secretary to the Treasury, that the scheme has so far proved "a great success" the opinion of many professionals in the City of London is that private investors view the BES as a highly useful tax avoidance vehicle provided the underlying investment is as risk free as is possible.

Central City, which will carry on the age old activity of purchasing properties in Central London and converting them into flats, certainly seems to fit the bill. The company has received clearance from the Inland Revenue on the grounds that it is not a property investment company—the flats, once converted, will be sold immediately and the net proceeds reinvested.

Central City's management team — ex VC10 pilot Iain Shearer, now a successful builder; Charles Fry of Johnson Fry; and the late Gerald Nabarro's daughter Sarah Sharpley—have, according to the prospectus, been doing very nicely from *residential property* conversion on their own account. They also say they are not short of offers from banks to put up the money for them to continue their lucrative work.

The obvious question then is why use the BES? One answer given by Fry is that a private share subscription of £5m ensures continuity for the company and is protection against the possibility of a property slump. (The £5m, in other words, will arrive in one lump and will see them through the next five years whereas the bank finance, arranged on a project by project basis, would dry up if the market turned sour.)

Another clue, however, lies in the skilfully constructed remuneration package for the management team. According to the prospectus this has been designed "to provide a high degree of motivation" and "is highly desirable from the investors' point of view."

It is, one has to say, also highly desirable from the management's point of view, who without putting up any money for their shares could end up on Cloud Nine and without the help of one of Shearer's VC10s.

Admittedly Shearer's building business will be doing the conversion work at cost and the management team will only draw a "reasonable" management fee starting at 3 per cent per annum. But under the terms of the prospectus the three executive directors have between them been given a 10 per cent equity interest, which carry sufficient rights to provide them with up to 35 per cent of the company after March 31 1990 if net assets grow at more than 10 per cent per annum on the investor's *gross* subscription. The 35 per cent level is triggered if the annual growth reaches 19.8 per cent.

Fry accepts that if all goes according to plan "we will all do frightfully well—but then so will the investors." A key attraction, as he also admits, is that the proceeds from the management's shares in the company (when sold) will be taxed more lightly than the income which they have been receiving from this activity in the last few years.

TAX AND THE EMPLOYEE

The world of golden hellos

BY DAVID COHEN

AN EMPLOYEE can hardly ever avoid paying tax on cash or benefits received from his employer. But when he starts a new job may be an exception.

Salary and perks from a new employer will, of course, be taxed in the normal way. But a favoured recruit may receive special one-off benefits on joining-up and these may fall beyond the taxman's grasp.

It *is increasingly* common for companies to say a "Golden Hello" to executives they wish to recruit by offering substantial lump-sum payments as an inducement to join up. But anyone who is offered a Golden Hello needs to consider carefully how Golden the Hello will be after the Inland Revenue has had its say.

The problem is that if the lump sum is regarded as an advance payment for future services it will be taxed as salary at the executive's marginal income tax rate of up to 60 per cent. The Inland Revenue almost invariably argues for this result.

The only way to refute the Revenue argument is to prove that the payment was not future salary by showing that it was only paid because the new job caused a special loss to the employee or gave the employer a special benefit.

The classic case of employee loss concerns rugby union players who sign up for professional rugby league clubs and as a result are automatically banned from amateur rugby for life. Signing-on fees to compensate for the permanent loss are free of tax. So is a lump sum which is paid solely because the employer is getting the benefit of a new employee's business connections and goodwill.

On the other hand, if an employee promises that if he leaves the new job before a specified period has elapsed he will return the payment, that will be taken as proof that he is being paid for his future services and so the payment will be fully taxable.

These rules may seem more or less clearcut but they are notoriously difficult to apply. The trend of recent court decisions is in the Revenue's favour and the odds are certainly stacked against the employee. Professional advice should always be sought before the payment has been finalised because the way in which the arrangements are presented will often be as important as the actual substance.

Aside from Golden Hellos, if an employee has to move home to take on a new job his employer may be prepared to see to it that he will not be out-of-pocket as a result of the move.

Theoretically, any such payments form part of the employee's income and are subject to tax. But the Inland Revenue has published a special concession saying that the reimbursement of removal expenses will not be taxed "provided that the expenses are reasonable in amount and the payment is properly controlled."

This concession applies not only to an employee who is employer but also to someone who is relocated by his existing employer.

The concession is fairly generous in its scope. It naturally covers all the direct costs of moving, such as furniture removal bills and legal and estate agents' fees. But it also extends to indirect expenses—like buying new school uniforms for children or switching one's golf club membership.

Furthermore, the employer can ensure that the employee does not suffer any loss in selling his old house and buying a new one. Hence, the employee has to move in a hurry and is forced to sell his house for less than *the full* market price, the employer can make up the difference. And if he is moving to a more expensive part of the country the employer can give him a cheap loan for the extra amount he will need to pay to get a house of the same size and quality as previously.

The concession also covers *any transitional period, before* the recruit has become properly settled at the new location. During this period, the company can pay for rented or hotel accommodation and can reimburse the cost to the employee of returning to the old location to visit his family while they remain behind. If he can't sell his old house immediately he can be given a bridging loan to buy a new one. The loan can be at a low rate of interest or even interest-free and provided that it is repaid within 12 months it will not be assessed as a taxable benefit.

David H. Cohen is a solicitor

YOUR SAVINGS AND INVESTMENTS

George Graham looks at the new boom in unit trust advice services

If you're bothered and bewildered

ONCE, you could put your money in a unit trust and leave the fund managers to make the rest of your investment decisions. Now, there are so many unit trusts to choose from that you are faced with some difficult decisions before you start.

There are now more than 700 unit trusts, and a bewildering choice of specialist and overseas funds. When to switch in or out of Japan is a decision that many investors do not feel confident about making on their own.

The traditional source for investment advice, the stockbroker, has in recent years been less than welcoming to private clients. The trend is now reversing, and many stockbrokers have formed their own unit trust advisory services. But in the interval, a host of new unit trust advisers has sprung up.

Several of the principal advisory services are run by unit trust management groups. The services offered range from a simple recommended portfolio of the group's own funds to a complete discretionary service in which the adviser will carry out all changes to the portfolio on the client's behalf, and invest also in other groups' funds.

At this end of the spectrum is Touche Remnant's Unit Trust Service, which gives clients the option of having no funds at all in Touche Remnant unit trusts. For those who do not take this option, the group limits investment in TR funds to a third of the total, and is in fact currently well below this formal limit. To some extent this reflects the financial management division's origins as an independent adviser until it was bought by Touche Remnant in 1982.

Most will not go to this extreme, but do impose an upper limit on the percentage of a portfolio that may be held with their own group. Henderson, for instance, probably the largest unit trust advisory service in the UK, will not invest more than 40 per cent of a client's money with any one management group, including its own unit trust managers.

Other advisers may be totally independent of any unit trust group. They include divisions of insurance brokers such as Towry Law as well as smaller operations specialising to a much greater extent in unit trusts, such as Berry Asset Management or Hargreaves Lansdown.

What will you have to pay for the services of these advisers? Charging systems are far from uniform, and investors should make sure which one is being applied to them.

The most common charge is a fee based on the size of the individual's portfolio. But this percentage can range from ½ per cent at advisers such as Hoare Govett and Premier Unit Trust Brokers to 1 per cent at Aitken Hume; and Whitechurch Securities will charge either ½ per cent of the value of the portfolio or 15 per cent of the gains made.

Others charge a flat fee—£40 a year for Richards, Longstaff's discretionary service, or £200 a year at Henderson.

"My view is that the logistical problems are not much greater for a £25,000 portfolio than for a £15,000 one," said Philip Stevens, formerly director of the Henderson service and now director of investment management services at Hambros Bank. "If you charge a percentage then you are benefiting your smaller investors at the expense of the larger ones."

Investors should, however, bear in mind the commissions that advisers will receive from fund managers when they switch to a new unit trust, in most cases 3 per cent of the investment. Some advisers will offset these commissions against any charges for their services, so that the client may end up not paying any extra charge at all.

Indeed, a number of unit trust advisers will not make any formal charge for their services at all, but rely entirely on these commissions. This approach is adopted by Towry Law, for instance, while Capel-Cure Myers charges stockbroking commission on sales of units.

But every move to a new unit trust will cost the investor 5 per cent of his investment in front end charges.

What do these fees buy you? At the least, you should receive a portfolio adapted to your investment objectives and willingness to accept risk with recommendations updated periodically. Valuations of the portfolio are generally sent half-yearly, and newsletters may be sent with the valuations or more frequently.

Some advisers also offer a personal financial planning service. They may belong to larger financial groups which can provide you with a full range of services, and detailed advice on your tax, investment and financial planning needs.

In many cases, however, the investor will in effect be buying a product — a model portfolio picked from a range covering specific investment objectives—and will already be receiving personal advice from other advisers such as lawyers or accountants.

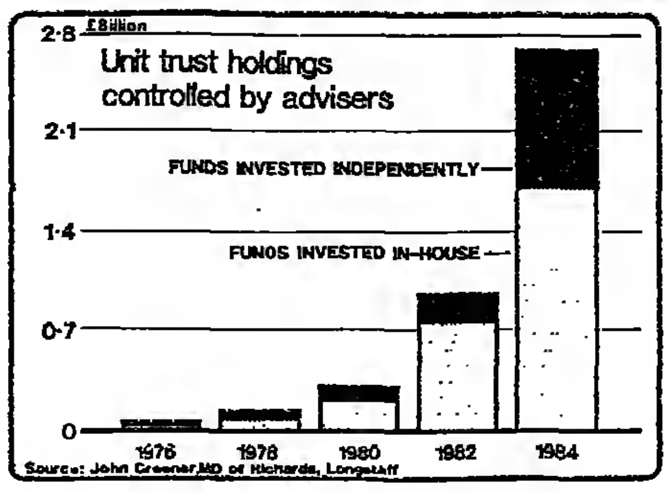
Henderson, for instance, offers balanced growth, general, rising income, highest income and high risk portfolios, and will place clients in whichever plan best fits their investment goals.

But does the service provide anything that investors could not work out for themselves by reading the newspapers and possibly one or two personal finance magazines?

One group that thinks not is Framlington, whose funds are recommended by relatively few unit trust advisers, largely because it pays only 1½ per cent commission to intermediaries, and not the customary additional marketing allowance.

"Personal financial advice is very important," says Tim Miller, Framlington managing director, "but unit trust advisory services are almost a negation of what unit trusts are about."

Miller does not believe that unit trust advisers can do better for their clients by switching from fund to fund, with the front-end charges and commission that entails, than the fund managers can do by altering an individual fund's portfolio. The best results are achieved, he says, by picking one or more funds and sticking with them.



The array of specialist funds on offer can prove daunting to the individual investor, but Miller says one of the main reasons these funds have sprung up has been the demands of the advisory services. "We don't have any very specialised funds," he said of Framlington, "because we haven't really been asked for them by the public."

It is a criticism to which some advisory services are sensitive, but one which they rebut. They can provide, they say, a much more sharply defined investment policy, whether it be by geographical area or industry sector.

"If you analyse the international funds' portfolios the percentages don't change very significantly," comments Roger Young, managing director of Touche Remnant Financial Management. "I challenge you to find an international fund with no exposure in the U.S., whereas we might at times have none."

Young also points out that advisers can take advantage of fund managers' ability to move their prices for buying and selling units within a range permitted by the Department of Trade and Industry.

"Part of the skill is knowing which funds are on a bid price basis," he said.

Individual investors, he noted, will generally not know which unit trusts are priced at the lower end of the permitted range in this way, and which are on an offer price basis, at the high end of the range.

Investors seem to agree, for they are channelling a steadily growing proportion of their unit trust investments through advisory services. But they should be clear exactly what kind of service they are buying, and what it will cost them in direct and indirect payments.

Return of a man who was bunkered

PHILIP SHARMAN was caught in one of the greatest storms in the silver market this century—the attempt by the Texan billionaire Nelson Bunker Hunt and his brother William Herbert to corner the world market.

In a few short weeks in autumn 1979, 41-year-old Sharman lost all his £26,000 investment capital. He staked his money on the silver price going down. Investing in two lots of 10,000 ounces on the commodity markets.

Unfortunately, the Texan brothers and Arab collaborators began to buy billions of dollars worth of silver, driving the price up from £6 an ounce to over £21. Sharman's losses mounted and he was forced to pull out.

It was no consolation to see the silver price plummet a few months later when the Hunts' attempted coup failed and the brothers themselves lost hundreds of millions of dollars.

"I had been well and truly bunkered," said Sharman, a chartered surveyor and managing director of a small building company near his home in Little Missenden, Buckinghamshire.

"But I couldn't make a fuss. Whilst I managed with great difficulty to square my position, my dealing capital was now nil."

Sharman refused to be put off investing. "I consoled myself with the thought that any future profits would be free of capital gains tax for many years ahead, though I doubted that I would ever be able to recover the losses I had then suffered."

He had been making speculative investments since 1968 and so was well aware of the risks. His first buy was a computer software company called Brayhead, bought on the word of "a friend in the know." The price went up from two shillings to £1. But Sharman hung on, only to see the price fall all the way back again. "However, I was hooked."

Successive stock market investments brought more losses so in the mid-1970s Sharman turned to the commodity markets, after reading a newspaper article on the merits of rubber.

He invested in rubber and then in sugar, recouping his previous losses in shares and making more than £10,000. "But this was too good to last," said Sharman. His next investment was the disastrous venture into silver.

Luckily, his other business interests were going well. With friends he bought and converted an old timber-framed barn into 11 cottages, making enough money to start investing again.

Abandoning commodities, he returned to the stock market buying and selling shares on the strength of tips from newspapers and friends, and on the word of a stockbroker he thought was especially close to the market.

He bought Burton, because of the asset value of its stores, Land Securities, because he expected a rerating of property shares, and Premier, the oil company, because of its exploration prospects. He made profits on all three against a background of general recovery in the stock market.

His stock market coup came in 1982 when he bought ESI, a defence electronics company, on the word of his broker. Sharman bought shares in the spring and the price soared as interest in defence stocks was fostered by the Falklands War. Then in the autumn dealings were suspended pending a takeover by E.S.I.'s major shareholder, the U.S. group International Signal and Control. Sharman realised a profit of almost £60,000.

"My broker had earned himself a Christmas meal ticket for life," he said.

Such success was difficult to follow. Sharman chased market favourites throughout 1983, losing money on all of them, but making a profit on the Imperial Group, bought for its recovery prospects.

"In retrospect this was a poor performance with so many sound blue chip recovery stocks to chose from."

But Sharman's broker suggested another "situation" stock, a small loss-making engineering company, Belgrave Blackheath, where Abdul Shamji's Gomba Group, well-known for its acquisitions, had taken a 29.9 per cent stake.

The price rose sharply but then fell back as it emerged that Gomba would not be making a bid for the whole company.

Sharman had an anxious wait while Shamji took control of the management company and its profits recovered. But the shares moved up allowing Sharman to sell 25,000 shares at 145p, leaving him with 75,000 worth 138p this week. Total profits — over £13,000.

Among his latest investments is Astra Industrial, a West Midland group with interests in engineering and snooker clubs, where Sharman sees recovery prospects following recent difficulties. Another is Combined Technology, a computer hardware company, which Sharman believes might soon get a bid from the U.S. Two years ago Sharman lost money on the same share but this time he believes it will be different.

Sharman admits that his stock market adventures are highly speculative. However, he does have money invested in other ways — in a local warehouse development, and in a privately owned company, making felt tip pens.

But he says that the hardest investment decision will be when to turn his back on the market and put his money on deposit. "I don't feel the time has come for this."

Stefan Wagstyl

Units for Christmas

UNIT TRUSTS do not spring to mind as convenient Christmas presents. Minimum initial investments are generally £500 or £1,000, and this tends to be out of reach for a casual gift to a distant godchild.

But F & C Unit Management, part of the Foreign & Colonial group, thinks units would make a good present from those who are stuck for other ideas. It plans to remove the obstacles by offering units in the F & C Capital Fund for a minimum investment of £20, on condition that the recipient is under 18 years old on Christmas Day.

The units will be held in the donor's name until the recipient's eighteenth birthday, and can be added to in multiples of £20 for future birthdays or Christmases. The idea seems to be to solve your present problems not just now but for the future.

F & C Capital is a UK authorised unit trust investing internationally in technology stocks. It was founded in June 1973 and is currently yielding around 1.4 per cent. £1,000 invested five years ago, with income reinvested, would now have grown to £2,485, according to figures published in Money Management.

George Graham

Getting your pound's worth overseas

SENDING MONEY abroad is fraught with peril. If the money arrives at all, it arrives too late—and it always seems to be exchanged at the worst possible currency rates.

What are the best methods of transferring money overseas in order to avoid these problems?

● Bankers' drafts are best for Christmas and birthday presents because they can be posted with your card or letter. All the High Street banks will give you a draft in the appropriate foreign currency, with the exchange deal done at the time you order it.

It is drawn on the bank's agent in the foreign country, and there should be no extra charges at that end. But you will pay a commission of 0.25 per cent, with a minimum of £4.

● Barclays Bank offers a cheaper transfer. The international money order costs £2 and can be exchanged for cash or deposited in an account at major banks around the world.

The drawback is that it is available only in sterling or U.S. dollars, so the person you send it to may have to pay a commission to change it into local currency.

● National Girobank transfers cost £2.50 but you cannot post the payment yourself. Some countries pay in cash at local post offices, while others give a bank cheque. The transfer is simpler if you can give a Giro account number for the money to be sent to.

● Bank transfers can be useful, especially for large sums, if you know the bank and account sending money to. Money arrives "cleared" and the transfer can be made by telex or cable if it is needed urgently.

A foreign exchange deal is done when you contact your bank. Your sterling account is debited and the foreign currency equivalent credited to the recipient's account in whatever country it may be.

If you don't know which bank to send the money to, a transfer can be made to any bank in the area. They will then notify the recipient, who can call to collect the money or ask them to credit his account elsewhere. The foreign bank will charge for its costs and the UK bank will charge the same as for bankers' drafts, plus telex or cable costs if appropriate.

● Credit cards can be used to settle deposits on hotel bookings or for relatively small payments to businesses. You give your card number and are billed in the same way as though you had used the card while travelling abroad.

● Your own cheque is not recommended, because the cheque can take months to clear and collecting charges are high. One cheque for £15 sent to Canada ended up worth just over £4 by the time it reached the recipient's bank account. If you wish, however, you may send the cheque in sterling, or cross out the £ sign and write in the foreign currency.

● Bank notes in the post are also a bad idea. They can easily be lost and some countries have regulations against the import of their own currency. Check with your bank first.

PROPERTY

A beginner's guide to buying a first home

BY JUNE FIELD

FORTY THOUSAND first-time buyers look for a home in or around London each year, and nearly 90 per cent want a leasehold flat. The rest go for small terraced houses, new or second-hand. The price bracket is mainly £28,000 to £35,000, although the early £20,000s is preferred.

Buyers are from 20 to 31 years old, but most of them are in the 25-30 range. Occupations include architects, accountants, computer sta. surveyors, stockbrokers, secretaries, hospital workers and entertainment and advertising people. Salaries range from £5,000 to £17,000, with £8,000 to £9,000 more the norm.

This is the *profile* that has emerged in the five months since Jane Tait, 28-year-old daughter of Andrew Tait, National House-Building Council director-general, started her First Time Buyers' Advisory Service. (Mr Tait, who takes over as chairman of the NHBC in January, acts as consultant to the service.)

The project, set up to provide independent home ownership help to complete beginners, has fulfilled such a need that this week it moved to larger premises at 8, Seymour Place, London W1 (01-262 3640).

For a £10 registration fee, and £40 plus VAT after purchase, Jane will cope with everything to do with finding a home. This covers supplying a list of estate agents and house builders in your chosen area, gettin gthe most suitable mortgage, advising on legal costs and grants, and generally trying to take the headaches out of the whole operations.

But she says her main aim is building up the confidence to buy, and how to go about it. "Quite a few people did not even realise that it was the accepted thing to make an offer on a second-hand home, or that terms were open to negotiation if you were a sitting tenant."

Over 300 people have enrolled, either by post, or personal call, which can be arrange dafter normal working hours.

She has helped a nurse discover her "ideal flat" in Streatham, provided a solution for a Scottish MP "desperate for somewhere near the House," and saved £367 a year for a young surgeon and his wife on an advance of £30,000 over 25 years, by researching the most suitable mortgage.

The 15-point check list that comes as part of the useful starter kit, includes comments on:

● **Location:** How far is it to walk home, above all at night, from the nearest bus or tube?

● **Security:** How easy is it for a burglar to break in?

● **Maintenance:** Remember that an extra £100 a year in service charges takes off £1,000 from the purchase price unless you get really good service in return.

● **Rates:** It is no good going for a cheap flat or house if the rates are high. In north London, Camden is £202.7 in the pound, £233.5 in Islington, and Haringey, £259.27. Croydon is £118.5 and Kingston-on-Thames £128, although how much has to be spent on fares to work also needs to be taken into account.

Under the heading neighbours and noise, Miss Tait includes the hazards of being too close to a police, fire or ambulance station, pub, disco or other site for late night revellers.

And how important is a view? Do you want sunny rooms? As to what to look for in the state of repair inside, it is suggested that you follow the advice given by the NHBC to their trained building inspectors. "Start with your eye at the top left and go from left to right. Do the same for each wall, including windows, the ceiling and the floor."

After looking for signs of damp, bulging walls, wet and dry rot and woodworm, exploring the loft, inspecting the plumbing (including flushing the loo), and checking the electrics, I would suggest that it is time to bring in the professionals. There is a limit to do-it-yourself surveying.

So where do you buy? For something under £30,000 parts of the East End such as Bethnal Green and Bow, Walthamstow and Leytonstone. Up and coming areas in the under £35,000 bracket are Ealing, West Acton, Wandsworth, and Balham. But stay in the west part where the rates are £1.37 in the £; if you stray into Lambeth they zoom up to £2.33.

Fulham is getting too expensive, Clapham is becoming that way, so consider Tooting, S.W.17. Miss Tait lives in West Kensington where "there are possibilities," although it is taking longer to come up than she would have liked.

On a spot check of new built developments around London I came up with:

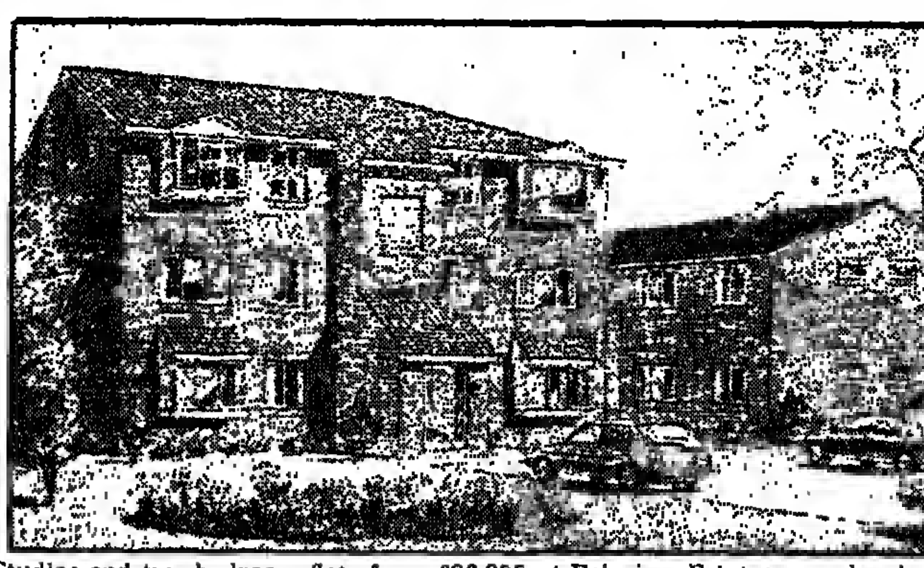
● Loxford Waters, Barking (British Rail to Fenchurch Street 13 minutes), where Fairview Estates' one- and two-bedroom flats are aimed specifically at first-time buyers, in an area long-starved of new homes. Prices are from £23,995. (Inquiries on site 10-5, seven days a week, to Bill Callinan, 01-591 88341.

● A development in Cambridge Gardens, Sydney Road, Muswell Hill, London, N10, also by Fairview, where single buyers for the £26,995 studios include 20-year-olds in the £8,000 to £10,000 bracket. Couples are buying too, where joint incomes of £8,000 and £5,000 make up the necessary mortgage qualifications for slightly larger units. (Details Sue Lyons, Thursdays to Tuesdays, 10-5, on 01-883 2370).

● A conversion of Victorian houses in Culmington Road, Ealing, in which New Ideal Homes has just launched studios from £28,750. Incentives to buy include a £750 cash hand-back on completion, or a £1,500 interest-free loan waived for three years. (Details Carol Rossiter, 10-5 every day, 01-579 6133.)

● Monarch Mews, Crown Lane, Streatham, SW16, (15 minutes or so commuting time to central London), McAlpine Homes is building studios and two-bedroom flats. Special off-plan prices are £28,500 to £39,000. (Inquiries to the sales office, 01-670 75771.

New Ideal Homes' development in Culmington Road, Ealing, where all the new units have been sold, and the adjacent terrace of Victorian houses is being converted to flats from £28,750 for a studio.

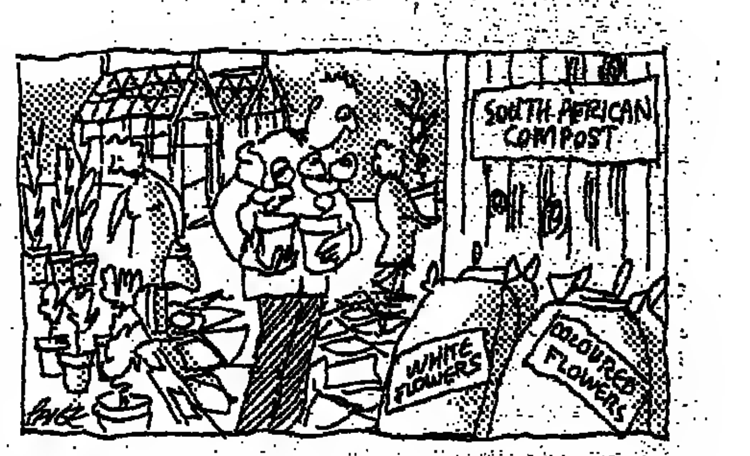


Studios and two bedroom flats from £26,995 at Fairview Estates new development in Sydney Road, Muswell Hill, London, N.10.

GARDENING

Kaffir lilies defy the frosts

BY ARTHUR HELLYER



APART from the hardy nerines and some dahlias which have miraculously escaped the frosts, the most cheerful flowers in my garden at the moment are the kaffir lilies. I have grown them for many years but it is only recently that I have begun to realise how much they might be developed in the hands of a patient breeder.

Even in the open they set seed freely and ripening would be better if plants were given the protection of a greenhouse. Seed saved at home has germinated freely when sown as soon as harvested and I suspect that a good many of the plants in my garden are self-sown seedlings though it is difficult to be certain as kaffir lilies spread freely by stringy roots or rhizomes just beneath the surface and pieces of rhizome accidentally dislodged when weeding will grow again if dropped on moist soil.

Schizostylis is the botanical name and all the reference books agree that there are two species but I have only been able to discover the name of one. This is *S. coccinea* and it is native to South Africa, in the Drakensbeurg Mountains among other places, and I think always near water. It looks like a little gladiolus with slender spikes of scarlet flowers which can come from any time from January to April (August to December in Britain), the precise season depending upon the plant.

For this is a variable species which can differ in size, colour and time of flowering. There is a variety named Major which is the same scarlet colour as the common form of the species but is 2 ft or more high against 15-18 in, has larger but more widely spaced flowers, and is early flowering.

There are also pink forms of which by far the most common in British gardens is Viscountess Byng. This has relatively small flowers in light satin pink but they are produced more abundantly than any other kaffir lily I know and they come late.

The name Mrs Hegarty is more often seen than the plant to which it belongs, which has flowers of normal size and warm pink colour. But it is not a strong grower and it is Viscountess Byng that is usually supplied when Mrs Hegarty is ordered; not, I think, with any intention to deceive but from genuine ignorance.

However, Broadleigh Gardens of Bishops Hull, Taunton, claims to have the true plant, which for some reason it calls Mrs Haegarty. The firm should know as there is an unusually comprehensive collection including all those I have named, plus Sunrise and Zeal Salmon.

Both these resemble Major in height and size of flower but are pink. Sunrise a warm shell pink a good deal deeper than Viscountess Byng and Zeal Salmon coral pink rather than a true salmon. I grow them both but lost Sunrise mysteriously this year.

It never looked really happy after flowering last year and gradually faded away during the summer without showing any identifiable symptoms of disease. Zeal Salmon was quite unaffected and has spread strongly as kaffir lilies are liable to do.

Bressingham Gardens of Diss, Norfolk, also offers a variety of its own named November Cheer, described as a pink sort of Major but I have not seen this. It is clearly another in the same style as Sunrise and Zeal Salmon and I have little doubt that a selection of seedlings from carefully chosen parents would still further enlarge the range of colours available, though probably all in the pale pink to scarlet range.

When I first grew kaffir lilies I thought that, being South African, they would need all the sunshine and warmth available and so I placed them accordingly. The hot dry summer of 1976 almost finished them off but fortunately by then some had wandered off on their own into moister and cooler places where they survived.

I really should have known better for, though I have never found kaffir lilies wild in South Africa, I have found other similar plants such as the chincherinchee, *Ornithogalum thyrsoides*, with white everlasting flowers and *Sparaxis grandiflora* growing in bog conditions.

I might have guessed from this that the kaffir lily would probably also require lots of moisture though there is always some danger in reading too much into native conditions when plants are brought into a completely different environment. The air in Britain is so much moister than that of most of South Africa and the winters are so very much chillier and damper that a rather drier soil may be necessary as a counterbalance.

Certainly with me, kaffir lilies grow well in soil that I would describe as ordinary rather than very wet but I plan to try some of them in much damper soil beside the pool.

The main hazard is probably in buying dry roots. This is not a bulbous plant though it is often offered in bulb catalogues. If plants can be obtained growing in containers that is fine. If not they should be bought in March-April and should be out of the soil for the shortest possible time.

The roots need to be covered with about an inch of soil and subsequently the plants are best left alone to spread at their will. If they do stray too far it is very easy to pull them out for all the roots are near the surface. Once established they can be split up and transplanted from place to place at almost any time provided they are kept moist.

Like all South Africans, they cannot be regarded as completely hardy in all parts of Britain in all winters but I have had plants outdoors for many years and have not yet lost any directly from cold. I think drought is a far greater danger.

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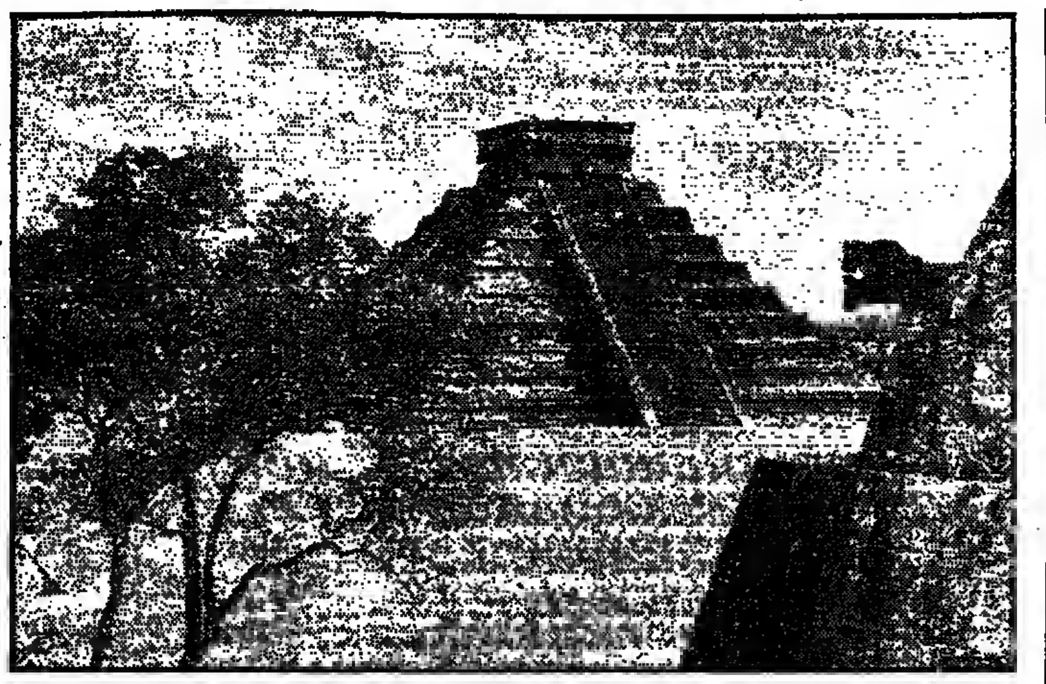
هكذا صدر الأصل

TRAVEL

The many faces of Mexico

BY ARTHUR SANDLES



A Mexican pyramid at Chichen Itza

MY GARDEN wall these days glares out evidence of its touristic ownership. Grumpily staring from its white background are three pottery faces, mass produced in some Mexican sweatshop and transported by me from their sunny setting now to adjust to the gloominess of an English winter. I doubt if their noses will survive the first deep frost, but so far they have served their purpose of reminding me of tropical evenings and tequilla sunrises.

For reasons which I have never been able to fathom Mexico has always been a little off the tourist map for most Europeans.

Mexico City is the world's biggest, fastest growing and slowest moving conurbation. Getting around the Mexican capital is already difficult and, if one is to believe local traffic investigators will, in a few years time, become impossible other than by foot. My visit a few months ago was after a gap of nearly a decade and the change in that time came as something of a shock.

At peak traffic times Mexican streets take on a mood that would make the average resident of Hong Kong feel claustrophobic. It remains, however, an invigorating, fascinating city of architectural gems, cultural delights, culinary excitement and relatively low costs.

I would place Mexico City high on the list for any first time visitor to the country. The national Anthropology Museum alone is worth the Atlantic flight for anyone with an ounce of imagination in their bones, and is certainly an essential briefing centre before further excursions into the worlds of the Toltecs and Mayas.

It is these ancient cultures which are surely likely to be the elements of Mexico which have proved the motivating temptation for European visitors. We have sunshine and beaches somewhat nearer to hand, even in the winter months.

Let us for a moment, however, follow the little red herring of sunshine as it swims towards the sweeping beaches and cultural desert of Acapulco. Those that have been there tend to boast their worldliness by dismissing its attractions, claiming it to be tawdry, devoted to the great god Dollar and elbowing for position as a place to avoid with Miami Beach, Waikiki and Torremolinos.

In fact Acapulco is set spectacularly on the Pacific against a backdrop of steeply rising mountains. It has beach, bars and shops by the bundle. The weather is superb, the restaurants excellent, the drink cheap and the mood, well . . . holiday. The one bit of history, an old fort towards the northern end of the resort, where the cruise ships tend to moor, is overlooked by most visitors and has a habit of being closed when those like me want to wander around it. Enter into the fun and you'll enjoy Acapulco but, to be honest, it is probably not worth going that far for that sort of holiday for the average European.

The one exception might be for the sheer sybaritic joy of staying at the hotel Las Brisas. Many years ago, when even more impoverished than I am today, I would gaze at this luxurious retreat, built on one of those mountain sides with each chalet style room boasting its own swimming pool, and dream that one day I might have the depth of pocket to venture inside.

This year I did manage a couple of nights, waking each morning to find fresh hibiscus flowers having been thrown on to the pool surface and to sip my coffee looking out over Acapulco harbour.

But let us shake ourselves away from such self-indulgencies to the other side of the geographic, and cultural, coin. A little nearer to Europe is the Yucatan, that bit of Mexico that sticks out into the Caribbean, has Caribbean beaches, Caribbean sunshine but ends its similarities there. The Mexican authorities and American developers have done their best, particularly in Cancun, to erase local flavours from the resort mix but, thank heavens, they have failed. The mood is still basically Mexican.

The Yucatan is the one-time home of the Mayan indians (see the excellent Penguin paperback on the subject) a people who built cities and then suddenly, for reasons that have yet to be explained, upped and left these magnificent structures to retreat to the jungle. When the Spaniards arrived the Mayans had already abandoned their urban life and gone back to nature. Some successful grass root revolution perhaps?

Today the descendants of those Mayans can be seen carving a rural livelihood from seemingly scant fertility with little apparent change in lifestyle over the centuries. What a contrast from both Mexico City and Acapulco. I rented a car in Cancun (a locally built Volkswagen which the Americans in front of me refused to take because the woman reckoned it to be a death trap on wheels) and spent lonely and enchanting days on deserted roads visiting quite astonishing Mayan structures. More cities, extensions of previous discoveries, complex road systems and strange religious structures are constantly being found.

What comes as an even greater surprise than the buildings themselves is the lack of touristic attention to them. Some buses roll in and roll out again, but for much of the time even a huge city like Chichen Itza, which covers at least six square miles and of which so far only a tiny portion has really been uncovered, is amazingly deserted.

Chichen Itza is but one of several Mayan sites, visitors will almost certainly also see Uxmal and the scenically superb Tulum. It is a strange person indeed whose interest is not fired by the buildings and fascinated by both their origins and their abandoning—but I met quite a few strange people in the area, for whom the mysteries of tequilla cocktails seemed more intriguing than the pyramids of the Yucatan bush.

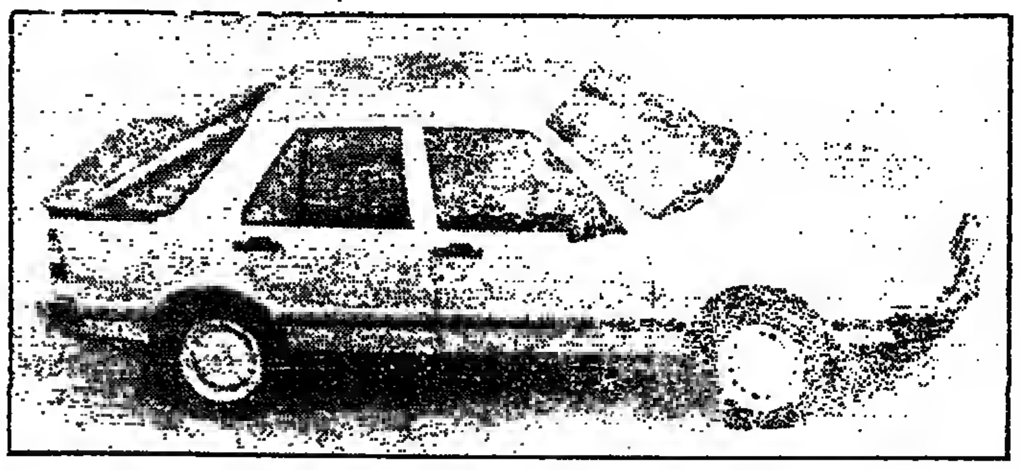
If you do want a more textured base to your Mexican excursions than Cancun offers, then you might try Merida which is capital of the Yucatan and a more traditional base for the culture set. But Cancun's beaches and facilities can be a restful and reliable relief.

Further information: I travelled with Dulwich World Travel which specialises in trips of all types to Mexico, 94 Dulwich Village, London SE21 7AQ. Westin Hotels has properties in several Mexican cities as well as running Las Brisas in Acapulco. The Mexican National Tourist Office in London is at 7 Cork Street, London W1 and has details of other tour operators and hotel chains. An excellent way of travelling to Mexico is via Houston with British Caledonian, taking U.S. or Mexican airlines onwards from there.

MOTORING

In time for tea on the autobahn

BY STUART MARSHALL



Saab's fast and spacious 900 hatchback has a turbocharged 16-valve engine, transversely mounted

SAAB GOT the message a long time ago. The best way for a small maker to survive and profit in a world populated by giants is to move up market.

With its new 9000, due in Britain next spring at £16,000 upwards, Saab will compete directly with such established senior manager's favourites as BMW, Mercedes, Audi and Rover. Although there are superficial similarities between 9000 and the Lancia Thema—there was a joint development programme in the early stages—they are more apparent than real.

The 2-litre, 175 bhp 16-valve turbocharged engine with intercooling, the five-speed gearbox and familiar lightweight rigid rear axle are all Saab's own. And the 9000 is a true hatchback, with a sill level with the massive back bumper, not a three-box saloon.

It is shorter than an Audi 200, the same length as a BMW 5-series, but is claimed as significantly larger inside than either rival. The U.S. Government Environmental Protection Agency rates the Saab as a large car, the Audi as mid-size and the BMW as a compact. "We wanted to make a very roomy car without overall bulk," Saab explained to me when I drove the 9000 for 500 miles between breakfast and tea time on the German autobahn last week.

The 9000 is quite the best car Saab has ever made and the first with a transverse engine since the original two-cylinder 92 of 35 years ago. The turbocharged four-cylinder is muscular and raises its voice only if taken up to high revolutions in the lower gears.

This is not the right way to use it because maximum torque is produced at only 3,000 rpm. A leaden foot on the accelerator wastes fuel and may even produce wheelspin on damp surfaces.

The engine begs to be allowed to pull. If its torque is properly exploited, the Saab surges forward like an executive jet in third and fourth and, on the motorway, it is a one gear car. Fifth is high enough for easy cruising 124.4 mph at 1,000 rpm) yet may be held in town down to 27-30 mph.

Driving techniques have a profound effect on fuel consumption. Over the same route, a sporting colleague managed to get 18 mpg (was he ever in fifth, I wonder?) whereas my 24 mpg over 272 miles included a lot of 100 mph-plus cruising.

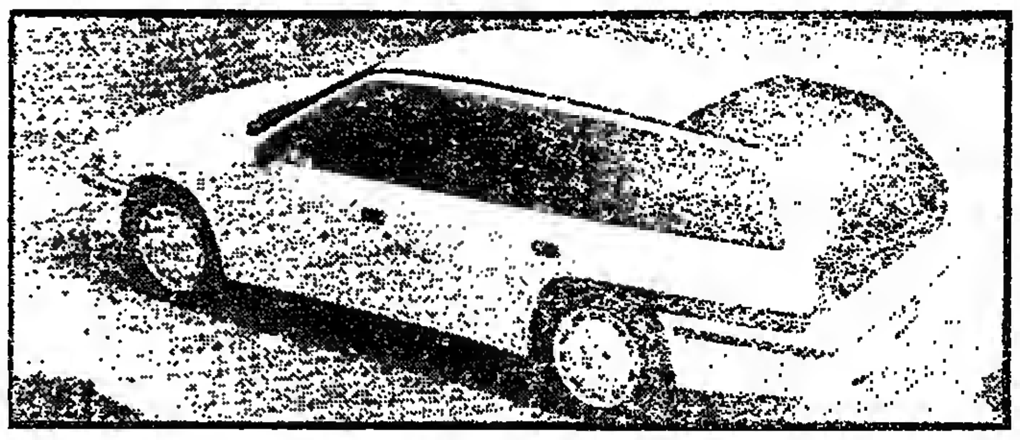
Top speed is claimed as "over 136 mph" and Saab does not exaggerate. On a long and, I must admit, slightly downhill stretch of the autobahn, I saw 6,000 rpm in fifth, equal to 146 mph, which surprised me as much as it did the driver of a Porsche 911 who moved smartly out of the way to let me by.

The engine is refined even at high speeds and there is minimal wind or mechanical noise—just a curious whistle from the Michelin MXV tyres on smooth, polished surfaces. The gearshift is finger-light, the driving position faultless and the controls as functional as those of a light aircraft. I rated the ride marginally inferior to that of the Lancia Thema, which one can't help comparing the Saab 9000 with, but beyond criticism on the motorway.

The Saab is unaffected by side winds or the bow-wave of speeding container lorries and its power steering is perfectly weighted and lacks the Lancia's occasional twitchiness.

About 1,000 Saab 9000s will come to Britain next year, starting in May. Initially, all will be manual gearbox cars but a 4-speed automatic is *planned*; the US, after all, is a vital Saab export market. Such is the *marque* loyalty of Saab owners (60 per cent of first timers buy another) that about one-third of the first batch of right-hand drive cars has been pre-sold.

But before long, the 9000 will take about 30 per cent of Saab's total UK sales, which totalled 8,333 last year. It's at the top of a short list of cars I feel I really must get my hands upon again.



TRADITIONALLY, Fiat always saves up an important car to unveil at Turin Show—and Ghia, Ford's styling studio, produces a concept car that gets a lot of publicity but may never be heard of again. At this year's show, which opened on Wednesday, Fiat's Lancia associate publicly launched its critically important big car, the Thema (this column, November 3).

Ghia's offering is an excelling looking five-door semi-estate car based on the U.S. Ford Tempo and equipped with an experimental four-wheel drive system. According to Filippo Sapino, Ghia's managing director, there are no plans to produce the TSX-4 (pictured) though some of its details may appear on future Fords.

These include flush glass, drip rails combined with the door seals, singlespoke steering wheel with fingertip minor controls like a Citroen and a glass tailgate extending well into the roof.

More down to earth and due to arrive in Britain next May at about £7,104 is the Fiat Regata Weekend, a stylish estate car with a split tailgate offering the best of both worlds. The lower part, incorporating the bumper's centre section, folds down while the main part lifts up.

It should be easy to load—and will make a useful platform to stand on at point-to-points.

HOW TO SPEND IT

by Lucia van der Post

Salmon sampling

FOR MANY of us smoked salmon is almost as much a part of the Christmas scene as the turkey and plum pudding. It's not only marvellous to eat ourselves, being the perfect trouble-free starter, but it makes a handsome present. Much of the smoked salmon buying is done by mail, with the purchaser having no chance even to see what he is buying, let alone taste it.

How sure, we wondered, could purchasers be of the quality of the salmon? Was there a great deal of difference between the companies? In short, did it matter much who you ordered it from?

The only answer was to taste for ourselves. We ordered sides of smoked salmon from seven different mail order outlets. We specified that the salmon should be Scotch and all the sides pre-sliced. All orders were made anonymously and sent to a private address.

We asked four people along to taste, Philippa Davenport, our cookery writer: Brian Turner, chef at the Capital Hotel in Basil Street, London SW1 and William Rudd, owner of Rudds, the fine butcher and fishmonger shop in Kensington Court Place, London W8. Finally, speaking up for the ordinary consumer, was my secretary Lucinda de la Rue. All the salmon was served without any means of identification. For the judges views read on.

Brian Turner

Philippa Davenport

William Rudd

Lucinda de la Rue

Photographs by Trevor Humphries

HARRODS,
Knightsbridge,
London SW1
Tel. 01-730 1234
£21.23 for just under 2 lbs

Will deliver if you are an account holder or credit card holder. The only smoked salmon to arrive in its own rather grand wooden box, which did make it seem more of a present. Most of the judges liked this salmon, describing it as having a good colour, a slightly bland pink, and two of them (William Rudd and Philippa) voted it number two overall. It was fairly lightly smoked and moderately moist which meant that for Brian Turner it was a "very ordinary smoked salmon but one I enjoyed." Mostly the judges liked the way it was sliced but Brian Turner felt that it was a little bit too thin. Our amateur taster, Lucinda, placed it number three in her list and thought it looked too pale and too fatty but felt it looked much better when arranged carefully on a plate. She liked the thickness and sizes of the slices and thought it tasted good and was admirably moist.

MARINE HARVEST,
Craig Crook Castle,
3, Crook Road,
Edinburgh
Tel. 031 336 1777
£19.30 for 2 lbs

Accepts all credit cards. Marine Harvest sent us their Lochinvar salmon and though we had specified it should be pre-sliced, it came unsliced. It looked very dry and almost kippery and opinions differed more of this salmon than of the others. Philippa (and I) both liked the taste very much—it was very aromatic and rather woody. It had, as Philippa put it, an almost primitive smoked fish taste which was quite unlike most smoked salmon but very nice for all that. Brian Turner thought it looked very unimpressive but found when sliced it was actually more moist than it looked. He wondered if the heavy smoke taste could be hiding a multitude of sins and therefore placed it at number five. William Rudd thought it was wild salmon, not farmed and he, too, thought it tasted rather suspiciously heavily smoked and placed it at number five. Lucinda thought it looked rather more like cold roast beef than salmon and found the taste much too meaty for her liking. She rated it number four.

SELFRIDGES,
Oxford Street,
London W1
Tel. 01-491 2693 for credit card orders
£16 for about 1½ lbs

Accepts credit cards or cheques. The first drawback here was that it took us at least half an hour to order the salmon as Lucinda was buffeted from department to department and then had to hang on while an argument (which she could hear) ensued between two people in the smoked fish section. When the judges came to see and eat it there was unanimous dislaste. It was much the smallest side, looking very mean and miserly. It looked very pale, was sliced quite differently to all the other sides which meant that each piece had a bloody centre to it. This is, apparently, quite the wrong way to slice a side. When slices were laid on a plate they looked awful. Brian Turner could only bring himsef to say it was very salty and he wouldn't wish to say anything else. William Rudd was much more forthright and said it was "revolting, crudely presented, revolting to taste and came bottom of the list." Philippa said the tiny slices had leathery, bloody skins, it was too salty and was "dreadful to eat." Lucinda, too, placed it last, finding the slices thick and leathery and a very odd colour.

S. BARON,
Assembly Passage,
Mile End Road,
London E1
Tel. 01-790 2246
£9.13 for just under 2 lbs

Accepts cheques or credit cards or COD in Inner London. S Baron delivered the day after our telephone call and was incredibly cheap. We double-checked that it really was Scotch and they assured us it was. It looked good said Brian Turner, commenting that it was the optimum size in his view, and had a good colour but he thought it didn't smell nice and it had very little taste. It was sliced in very long pieces across the top which some people liked and others didn't. William Rudd liked the pack because it was unpretentious and a good colour but he didn't like the long slices and thought it deteriorated on the plate rather fast. He thought it tasted fairly dreadful and wouldn't buy it. Philippa, too, thought it looked good, in fact the best, but didn't like its smell or its taste ("like damp Kleenex") and placed it equal bottom. Lucinda thought it looked very appetising and was disppointed to find she didn't like its taste ("too fishy and too difficult to chew and swallow").

PINNEYS OF SCOTLAND,
Brydekirk,
Annan,
Dumfriesshire
Tel. Ecclefechan 401
£22 for approximately 2 lbs

Doesn't take credit cards but invoices you with the salmon. Somehow this seemed a very large side and most of the judges didn't like the rather obvious interleaving of the paper between the slices. There was a unanimous feeling that this tasted the best of all but most felt (Lucinda being the dissenter) that the slices were much too thin and papery, making it difficult to arrange attractively on a plate. It would certainly be the best buy for those wishing a side to go farthest. Brian Turner thought it had the nicest colour, a good taste, was lightly smoked and the best of them all, the one he would buy. William Rudd thought it was a good colour, spoilt by the silver-looking interleaving and he liked the shape of the slices—it was his number three on presentation but number one on taste. Philippa, too, thought it had a nice colour, well-shaped slice, apart from being too thin, and rated it her number one choice.

OCEAN TREASURE,
St Ives,
Cornwall TR26 2JH
No telephone orders
£22.45 for 2½ lbs

Doesn't take credit cards. You have to send a cheque and a covering letter and the salmon is then sent by return of post. This was another of the sides that was sliced in long slices along the length of the fish. It was a good but darkish colour. It looked good on the plate and Brian Turner thought it "ate nicely" and overall came a very good second when taking into consideration that the number one choice was so very thinly sliced. It was certainly much easier to handle than the Pinneys side. William Rudd thought it was very dark and the slices too long but he liked its look on the plate and its rather woody flavour. He rated it number three overall. Philippa thought it a bit dry looking and said the smoking reminded her of proscuitto crudo but found it rather nice to eat. Lucinda thought it looked mediocre in the pack, mediocre on the plate but liked its flavour and rated it number two overall.

THE SMOKEHOUSE,
Achiltibuie, Ullapool,
Ross-shire, Scotland
Tel. Achiltibuie 353
£24.50 for a 2-2½ lb side

Doesn't take credit cards but will post it by return on receipt of a cheque. The side came unsliced and it had travelled badly having one end slightly bent. The colour was darkish and it looked rather dry but seemed to taste much less dry than it looked. Brian Turner thought it had a "very pleasant smoke." He would buy this one for a friend who didn't eat smoked salmon regularly. William Rudd said that it was a darkish rather muddy colour and thought at first a bit dry looking on the plate the colour seemed to improve. Philippa thought that it had a nice, smokey taste but rather a bitter after taste while Lucinda said that it looked "old, dried and curled up." She felt it smelt, and tasted far too woody but was above all put off because "it looked so old."

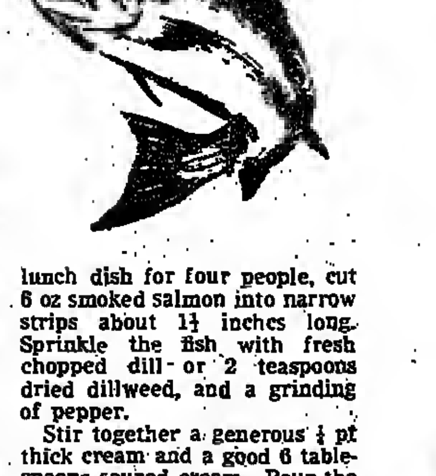
The verdict

Everybody without exception had been quite surprised at how different the sides of smoked salmon not only looked, but tasted. Normally one never sees so many together but comparing and tasting in this way made it quite clear that the differences are vast.

Most of the judges felt that for most people the current methods of pre-slicing were a great help (though this didn't help the appearance of some of the sides) but those who really know how to slice, like Brian Turner and William Rudd, felt they would always buy unsliced sides for themselves as it keeps the salmon fresher and more moist. There was total unanimity that the side from Pinneys of Scotland was by far the favourite (and remember none of the sides was labelled) and the two men were agreed that if you bought the most popular four—you'd be pretty happy with what you'd got but the bottom three (Selfridges, S Baron and Lochinvar) would be very disappointing—though Philippa, you will recall, liked the smokey Lochinvar taste.

Once you've decided on which smoked salmon to order you might like to do something more original with it than serve it plain with lemon and brown bread and butter. Philippa Davenport gives some ideas below.

Fish and Tips



SMOKED SALMON seems to be making its mark on Christmas menus—and for good reasons. Not only is top quality smoked salmon supremely good to eat but it gives the cook a well deserved break from the marathon labours involved in preparing the turkey, plum pudding et al.

Christmas day lunch chez Lucia consists of smoked salmon served the classic way (many would argue the best, the only way): with wedges of lemon, good brown bread and butter and plenty of champagne. A simply magnificent feast.

I must confess however that I find lemon juice too tart for smoked salmon. Sacrilegious though it may sound, I prefer a few drops of vinaigrette or (and this is our Christmas lunch) a few spoonsful of creamy hot scrambled eggs with a watercress salad on the side.

I have a friend who takes the smoked salmon and scrambled egg theme a step further. She splashes out with Christmas smoked salmon rolled into cornets, stuffed with a little cold scrambled egg and a generous sprinkling of caviar.

Another more economically minded cook celebrates with a splendid smoked salmon salad which cleverly stretches 1 lb of fish to serve eight without any hint of stinting.

The sheets of smoked salmon are laid down the centre of a large pretty dish. Two carefully peeled, stoned and sliced avocados are fanned out down one side of the fish. Six peeled and sliced tomatoes are arranged, overlapping, down the other side of the dish. Both fruits are moistened with vinaigrette as is the garnish of chopped hard-boiled eggs, parsley and chives which is sprinkled over the salmon.

Other good ways of sharing a smallish quantity of smoked salmon between several people include using the fish for a quiche, serving it with pasta. These are both very rich dishes —far too rich for Christmas Day eating I think, but well worth remembering for other occasions when you may want something a little ritzy yet very easy to cook—and they are, incidentally, valuable recipes to turn to if your smoked salmon is not quite good enough to warrant serving plain and simple. I have made them quite successfully using rather too salty smoked salmon, frozen Pacific smoked salmon and end pieces.

For a smoked salmon quiche to serve 4-6, cut 5 oz or so of smoked salmon into snippets and sprinkle them over the base of a partially blind-baked 8 in shortcrust pastry case.

Beat together 8 fl oz thick cream, 2 eggs and a good grinding of black pepper. Nothing else. Pour the mixture over the fish and bake (standing the flan tin on a pre-heated baking sheet) at 375 F, 190 C, gas mark 5 for about 25 minutes until the custard is slightly puffed up and just set. Like all quiches this one is best served warm rather than piping hot from the oven.

I first ate pasta with smoked salmon in Rome, where I was told it is traditionally served on Christmas Eve, but to judge by its increasing popularity in Italian restaurants in London this date is by no means sacrosanct.

For a substantial supper or lunch dish for four people, cut 6 oz smoked salmon into narrow strips about 1½ inches long. Sprinkle the fish with fresh chopped dill or 2 teaspoons dried dillweed, and a grinding of pepper.

Stir together a generous ¼ pt thick cream and a good 6 tablespoons soured cream. Pour the mixture over the fish and toss gently, then leave at cool room temperature for an hour or more so the fish softens and swells and infuses the cream with its flavour.

Boil 8-10 oz pasta in the normal way—I use green tagliatelle or the narrower ribbon noodles called trenette. Drain the pasta well and turn it in a little warmed olive oil. Pour on the sauce, toss gently and serve quickly. Should there be any leftovers, this fishy pasta is excellent served cold as a salad.

Philippa Davenport

African appeal

AFTER ALL that indulgence with the smoked salmon it is a relief to feel that there are ways of making present-giving a little less self-indulgent. In particular by buying How The Zebra Got Its Stripes. It is in its own right a perfectly charming book, first published in 1978, put together at the instigation of Richard Leakey (of the famous East African family), but in addition at the moment Alan Hutchison Publishing has undertaken to send all the *profits* on its sale to help feed the people of Ethiopia, specifically through the charity War on Want.

As to the book—it is a collection of stories and pictures by the children of Kenya. Richard Leakey has been associated with the Wildlife Clubs of Kenya Association since its beginning in 1968 and it was his idea to ask children to talk to their elders in villages and towns in their school holidays and to bring back their stories about the animals and wildlife in their country. In this way many of the animal fables that go back right into the beginning of time have been captured and recorded. As Richard Leakey points out in the introduction it is extraordinarily interesting to see what close parallels many of them have with Aesop's Fables.

Each of the fables features an animal or bird and slowly its essential characteristics are revealed. We learn how the dog came to live with man, why bats face downwards, and why it is that lions roar. These are fables that everybody can read with pleasure but for the small child they are brought particularly alive by the enchanting illustrations by Kenyan children.

The book is only available direct from Alan Hutchison, 31 Kildare Terrace, London, W2. £4.50, including postage and packing.

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FINANCIAL TIMES SURVEY
Saturday November 17 1984

Galicia

This isolated corner of Spain is learning that its new autonomy is overshadowed by economic pressures from outside and inside its borders

Problems at Earth's End

By David White

IN JUNE this year, the embalmed body of Sr Alfonso Castelao was flown back from Buenos Aires for re-burial in his little-known homeland of Galicia in northern Spain.

A writer and artist, member of the defeated Spanish republic's government-in-exile and eloquent father-figure of Galician nationalism, Sr Castelao had a vision of Galicia as the cornerstone of an Iberian confederation.

His return to Spain, 34 years after his death, was attended by as much ceremony as that of Picasso's symbolic masterpiece Guernica. But the distinctive thing about Sr Castelao is that hardly anybody outside this corner of the peninsula had heard of him.

Thereby hang two basic lessons about this little-known region: that Galicians are deeply proud of their heritage, and that although its government institutions are in conservative hands, and it has no big separatist movement, Galicia is a country apart.

Galicia won its autonomy in 1981, following the pattern of the Basque country and Catalonia. Historically, however, the impetus behind home rule has been very different from the other two. In Bilbao and Barcelona, nationalism grew out of strength, with roots among a powerful 18th century bourgeoisie. In Galicia it came out of being downtrodden.

Galicia's population of about 2.8m has shrunk through emigration from 10 per cent of the Spanish total at the beginning of the century to about 7.5 per cent today. The share of national income, according to latest figures based on 1981, is below 6 per cent, after a period of relatively high growth.

The region, which is the Finisterre (literally, End of the Earth) of the weather forecasts, in many ways resembles Ireland more than the rest of Spain, except that its interior is higher.

Light-years away from the Spain of bullfighting and flamenco, it is a place of rain, fog and stone walls. Galicia is unmarked by Moorish domination, having Celtic traditions, its own folklore, some of the country's best food and some of its most potent wine.

Restructure

Like Brittany, Galicia is a preserve of Catholic-conservatism with leftist strongholds. Galicians hold a reputation among other Spaniards for backwardness, mysticism, peasant guile and political fiefdoms.

Typical stories which regularly feature in the national Press are of priests and villagers on the rampage against nudist bathers; of witchcraft and of the efforts of the Spanish authorities to break up tobacco-smuggling rings, and of social anachronisms such as the village in Lugo province where parents pay for school meals in potatoes.

Since last year, however, a new element has come to dominate the news about Galicia—the fight to preserve jobs. Late to industrialise, Galicia has received the brunt of the most drastic of measures by the Socialist Government in Madrid to restructure loss-making heavy industries. Plans to close the region's principal civilian shipyard, the state-owned Astano, have rallied opposition from conservatives, nationalists and Communists alike.

The threat to shipbuilding, the most important of Galicia's industrial activities, coincides with a crisis in fisheries and an undeclared "fish war," both with the EEC and with neighbouring Portugal.

Galicia's first autonomous government has come rapidly face-to-face with the reality that its most important economic decisions are made elsewhere.

The region risks being the worst hit of any in Spain as a result of EEC entry. Some Spanish agricultural areas stand to benefit enormously, but Galicia, a milk and beef producer, does not. Dairy output, in particular, desperately needs reorganising to face membership.

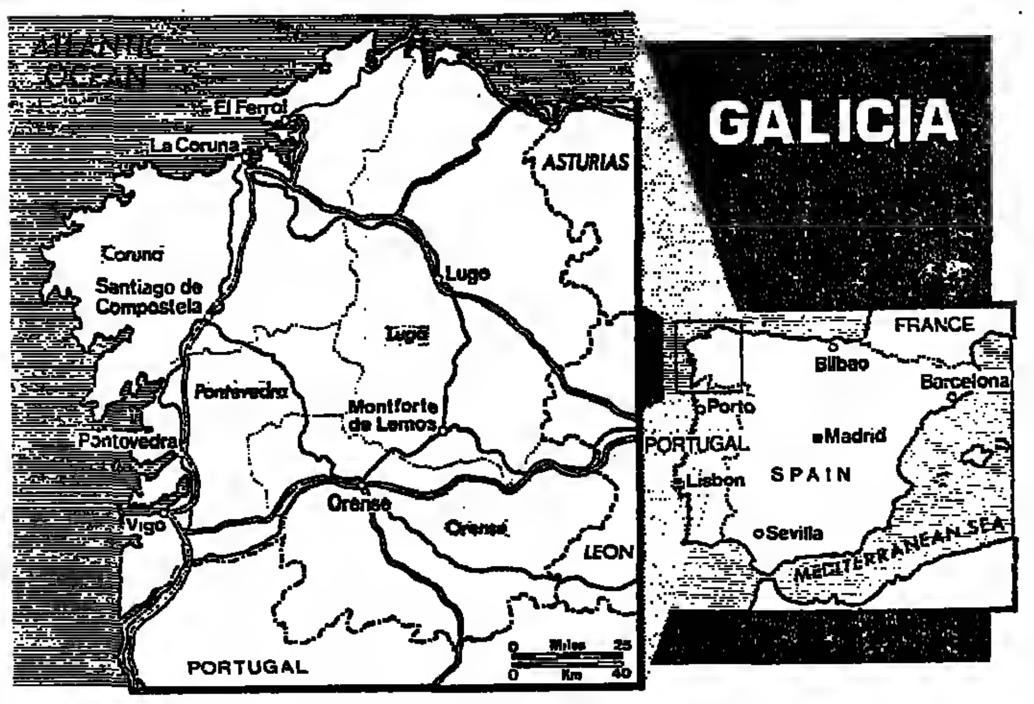
Farms and fishing will not be able to continue providing 40 per cent of jobs. Since the industrial job outlook has been badly upset by the shipyard cuts, it is a bad time.

Rural Galicia is marked by a peculiar land-tenure system applied by the wealthy church authorities and nobility from the 16th century. The foro, or hereditary lease, gave rise to a class of middlemen who subdivided the land and let it out on suoforos. Redemption of these titles by peasant-farmers in the 1920s changed the ownership structure, but not the farm structure, characterised by its small, dispersed plots of ground, often unsuitable for mechanisation. The ox-cart and wheelbarrow have yet to be replaced.

At the central market in Santiago, the student town which Galicia has made its capital, the farm women arrive often carrying just a few eggs or tomatoes. The one- or two-cow farmer is commonplace, and the women—a tough breed—play a major working role. It is a different poverty from that of the farm labourers on the vast estates of the south. In Galicia the people are fixed to the land.

Rural decline has brought a sharp disparity between the interior and the coastal provinces of La Coruna and Pontevedra. The latter account for three-quarters of regional income, two-thirds of the companies and 90 per cent of enterprises employing 250 or more.


Ashley Ashwood
Early milk delivery in Santiago.



The other two provinces, Lugo and Orense, are more reliant on agriculture than any in the rest of Spain. The farm sector, with its tiny family units, covers up a considerable but uncalculated amount of unemployment—which explains the paradox of Galicia having the lowest jobless rate in the country at the same time as one of the lowest per capita income levels.

The impact of the EEC has never been an electoral issue in the region, and the Xunta (autonomous government) has taken time to wake up to the implications. Sr Jaime Trebolle, its economy wizard, brought in from a central administration job a few months ago, has overseen a first regional plan, aimed at meeting requirements for regional funds from the community.

Madrid is already worried that membership may widen the gap between Spanish regions. Galicia's militant nationalist trade union, the INTG, says it is against the EEC "and all it signifies."

The region's share of national income grew in the period after the 1973 oil crisis, but has recently stagnated. The Xunta has been wrangling with Madrid over what Sr Trebolle describes as a "fraud" in provisions for redistributing wealth. The argument on the percentage of central revenues Galicia should receive went as far as six decimal points.

Friction with Madrid, exacerbated by the Xunta's sense of powerlessness in the shipyard reconversion plan, will inevitably increase in the run-up towards the second regional election late next year. Galicia is the bailiwick of Sr Manuel Fraga, leader of the main opposition party Alianza Popular and one of a long line of Galicians to play a major part in Spanish politics (including Franco). With his party heading the ruling coalition in Galicia, the regional vote looks like becoming a primary for the Spanish general elections, due the following year.

Language

Regional feeling has not produced a political force on the lines of the Conservative or other nationalist parties which make a potent mix in the Basque country and Catalonia. The system of "caciques" or political bosses doubtless has a lot to do with this.

On the other hand, Galicia is a less hybrid region than the others, with little immigration from other parts of Spain and with a strong sense of shared origins. Its vernacular was long dismissed in the better-off families as a peasant dialect, but has been progressively reinstated alongside Castilian Spanish. Tensions have arisen, however, about the extent to which it should be used in schools.

The Galician language has a pedigree: Alfonso the Wise, 13th century king of Castile and Leon, chose the language as the vehicle for writing religious songs. But since the 16th century it has been pushed aside, and there is argument among intellectuals about which direction it should turn to adapt to modern use: borrowing from Castilian, the language which usurped it, or from Portuguese, its closer cousin.

Like the Portuguese, the Galicians, for all their internal rivalries, have a sense of sticking together.

Galicia was a prime source of migrants to Latin America almost from the moment the caravelle La Pinta landed in Bayona in 1493 with the first news of Columbus's discoveries. Between 1860 and 1930 as many as 700,000 are reckoned to have gone there. In Argentina the name Gallego is used to refer to Spanish immigrants generally.

From 1960, the region went through a fresh wave of emigration, this time of labourers headed for West Germany, Switzerland or the booming industrial centres of Spain. This has also dried up. Some money has come back into the region,

CONTINUED ON NEXT PAGE

Defender of a heritage

PROFILE

Gerardo Fernandez Albor

"WHEN THEY asked where the Xunta should be located. I did not say Santiago. I said right here, on the Obradoiro Square."

It is a privileged perch. The view Dr Gerardo Fernández Albor, first president of Galicia's first home-rule government, has from his office window in the neo-classical Raxoi Palace is of architectural showpieces ranging from the 12th to the 18th centuries.

In front is the Obradoiro, the facade of Santiago Cathedral. "Here," he says, gesturing to the great shrine, "is the centre of Galicia. We all turn around this."

The 67-year-old doctor got here via a political career of just one electoral campaign. A well-known figure in the city with a successful clinic, he had never held or run for public office before the elections for a Galician parliament in 1981.

He has since become vice-president of Alianza Popular, Spain's main conservative opposition party, on the strength of his position here.

Dr Fernández Albor plays the part in statesmanlike style, as a figurehead with no evident taste for politicking.

A connoisseur and defender of Galicia's distinctive heritage, he does not see why regional autonomy should not fit in with the image of the right. His reading of history is that the right—by which he evidently does not mean the Franco regime—has been more on the side of autonomy than the left. But he emphasises: "Nobody is thinking of separatism."

Relations with the Socialist Government in Madrid are marked by both national politics and regional politics, and the Xunta president has but one word for them: "Bad."

The announcement of shipyard closure plans, made over the Xunta's head and in a manner the region's leaders claim goes against the constitution, has aggravated the situation.

Dr Fernandez Albor says the friction over crucial issues affecting jobs risks fomenting a more radical kind of Galician nationalism.

On other key issues, such as Spain's fishery negotiations with the EEC, he complains that "they take decisions without informing us at a crucial moment."

He finds the EEC entry prospect "very preoccupying," since some of the issues that most closely affect Galicia have been left to the end, and may be hurried through in the final rush to get into the community.

D. W.

Cela: most important Spanish writer of his generation

Prolific liberal of prose

SR CAMILO Jose Cela reaches across, extending his right thumb. "Feel," he says.

The thumb is a minor monument to a prolific novel-writing career. It is heavily callused, because Cela, with more than 25 published works and countless articles behind him, writes everything in longhand.

"I don't know how to use a typewriter," he explains. An American university recently offered to buy his manuscripts—which after revisions and insertions end up, so the author says, looking "like Paul Klee pictures." But he has, so far, refused. He wants them to stay in Spain.

Sr Cela, now 68, established himself as the most important Spanish prose writer of his generation from his first novel La Familia de Pasqual Duarte, a macabre saga published in 1942.

PROFILE

Camilo Jose Cela

Laden with black humour, full of anecdotes and meticulously-observed detail in the Spanish realist tradition, and cast in a forceful and inventive style, Sr Cela's novels are set against a range of Spanish and—some would say, less successfully—Latin American backgrounds.

Galician-born and a speaker of Galician — although he writes in Spanish—Sr Cela has returned to Galician themes. His latest novel, Mazurca Para dos Muertos, was set among the country people of the region. The one he is now working on, aspires to be about the "death coast" of Finisterre.

Sr Cela's father's family were Galicians, country people and monarchists. Of his own political leanings, he says: "I belong to a liberal family and I suppose I am a liberal."

What, one asks, is a liberal? "In 1915 my father married an Englishwoman," answers Sr Cela. That was a liberal.

His last name, from his English mother, is Trulock. As a child he spoke English before he spoke Spanish.

Sr Cela, while attached to his native region, prefers to live in his villa in Majorca, surrounded by mementoes of Picasso. Although he says he can obtain a good living from his novels, he has been supplementing his income with TV ads for book editions.

His reputation for bluntness and playful provocation has made Sr Cela into a favourite talk-show personality. His lack of inhibition went so far on one TV show as to offer to demonstrate a certain yoga trick which involved sitting on a bowl of water.

Although a successful and atmospheric film has been made of his novel La Colmena (The Beehive), set in Madrid in the depressed and hungry post-civil war period, Sr Cela expresses no interest in any medium except the novel. **D.W.**

Xunta faces problems ensuring self-rule is seen to be working

Autonomy

TOM BURNS

THE FIRST problem was to make sure that every Galego knew that autonomy existed in the region. The next was for home rule to work—and be seen to work. It has been an uphill struggle for the Xunta de Galicia (governing council) and both its members and its critics agree that problem number two remains the current issue.

For a so-called "historical" autonomous community, Galicia presents a curious paradox. Galicians feel themselves very Galego and they have an undoubted and all-too-evident common heritage, culture and language as well as clearly defined borders with the rest of Spain. But unlike the Basques and the Catalans, Galicia's sense of a separate identity has never been translated, either historically or in contemporary times, into specific and dynamic self-governing projects.

Backward and isolated—"We are the Finisterre," says Sr Antonio Rosón, Speaker of the Galician parliament—Galicia lacks an enlightened, entrepreneurial class like that which spurred nationalism in Catalonia. Nor does Galicia have a populist political movement like the Basque Nationalist Party, that makes confrontation with Madrid its talisman.

The Xunta itself has been prey to political infighting, a product of Alianza Popular's minority status in the local parliament, where it is the largest single party in the assembly but gained only 26 of the 71 seats.

Conselleiros, or local ministers have come and gone with the internal crises mostly promoted by the party's national headquarters and Sr Fraga Iribarne in Madrid. While Sr Fernandez Albor is the supposed charismatic president of the Xunta, real local power is handled by his deputy Sr Barreiro.

Part of the criticism directed at the Xunta is, as Sr Fausto Dopico, a sociology lecturer at Santiago University, puts it, the "dramatic increase in red tape." Bureaucracy has allegedly run amok as the Xunta invested itself with local powers and attributions. A further complaint by Sr Dopico, a former member of the local Socialist Party executive, is that autonomy has exacerbated "caciquismo, or clientelism in the local context.

Sr Vazquez, the mayor of La Coruna and the current strongman of the Galician socialists, tartly accuses the Alianza Popular Xunta of "Losing three precious years when we should have been preparing for entry into Europe."

The opinion is echoed by Sr Santiago Rey, publisher of the area's top selling newspaper La Voz De Galicia. He claims that the Xunta "has been incredibly slow over the Community issue."

Divided

There is a pervading sense of political inertia surrounding the Xunta that bodes ill for the fortunes of Alianza Popular in local elections scheduled a year from now. The cards were certainly stacked against it, given that the party is in opposition nationally, that Alianza Popular has hardly been a convinced believer of the autonomy model, and that Galicia lacks the elementary social and economic structures to make self-rule initially viable.

The socialists in Galicia, bitterly divided between Galleguista nationalists and those who look to Madrid for inspiration and orders, are in worse shape electorally. It is, after all, the socialist national government in Madrid that has started to shut the shipyards and has negotiated European entry terms viewed as punitive for Galician fishing and dairy interests.

The party that stands to gain in next year's elections is Coalicion Galega, made up of the centrists who dominated Galician politics in the second half of the 1970s, and of groups and individuals who claim direct descent from Galleguista nationalist parties and organisations in the republican 1930s. Coalicion Galega is a cornerstone in the attempt at a national level to forge a third force between the socialists and Alianza Popular.

As far as Coalicion Galega is concerned, the creation of a liberal-progressive wedge between the ruling Socialists and the Conservative opposition comes second to the primary aim of building a firmly nationalist political option that puts Galicia first.

"Galicia will never be able to solve its problems while it is governed by centralist-based parties," says Sr Xose Pena, Rey, Coalicion Galega Secretary-general.

A second widely shared forecast is that a decisive factor in forthcoming elections will be a high abstention rate. Galicia's experiment with autonomy may have revived nationalist thinking, but it has also reinforced a guiding age-old principle in a Galego's approach to politicians: politics is a mala cousa — a "bad thing."

Ashley Ashwood

Galegos, like this vineyard worker, have their own heritage, culture and language

Perplexed onlookers in EEC debate

Fishing

DAVID WHITE

THE MAIN complaint of Galician fishermen, except when it is blowing more than force 8, is that they are misunderstood.

Fishing people by tradition and by necessity, the Galicians have been among the most perplexed of onlookers in the still unresolved debate about Spain's future fishery relations with the present members of the EEC.

To talk in the corridors of Brussels about the need to dispense with, or pay off, enough of the sector so as not to threaten the livelihoods of EEC fishermen, is to ignore what the Galician fishermen represent: not only is Galicia a major fishing centre with a highly competitive and organised fleet, but also a region in which fishing is a vital part of the economy.

This north-western corner of the Spanish coast is the country's biggest fishing region, accounting for about a third of the total catch and a bigger proportion of the deep-sea catch. The sector employs about 35,000 in Galicia and an estimated 17,000 in the Vigo area alone.

According to 1981 figures, fishing provides 4 per cent of jobs in the whole region and slightly more of the region's economic product.

Ever since 200-mile fishing limits became the international norm in 1977 pessimism has taken hold of the Spanish fishery sector, and fishermen's representatives now fear "irreparable damage" if they are forced to enter the EEC on unfavourable terms.

In Vigo, however, which lays claim to being Europe's biggest fishing port in terms of the volume of fish — fresh and frozen—landed there, the crisis is hardly anywhere to be seen. Here, in a port which has heavily concentrated its activity in frozen fish, where there are diversified fishing companies and where the fleet is of considerably more modern construction than the Spanish average (almost half of Spain's fishing boats are more than 20 years old), the sense of emergency has hit least.

Since the 1960s Vigo has developed as a centre for distant water fishing, with freezer trawlers operating in areas such as South Africa and Namibia.

Sr Enrique Lopez Veiga, manager of the local port cooperative, is an active propagandist for the sector, eager to debunk the popular British or French image of the Spanish fisherman and the menace of a "Spanish Armada" invading EEC waters.

Spain, he is anxious to point out, has only traditionally obtained around 10 per cent of its catch from those waters. He also dismisses the view that Spanish fishermen are poachers who have exhausted all the fish in their own waters.

Important

The outlook is different in other ports of the region. Coastal fishing, mostly carried out by boats well past retirement have been hit by the exclusion of Spanish boats from Portugal's fishing zone.

Portugal, which wants to join the EEC with a clean slate, suspended its fishing agreement with Spain two years ago and denounced it officially at the end of September. The decision has hit some ports badly, for instance that of Marin just north of Vigo.

In La Coruna, a wet-fish port which these days ranks with Boulogne among the most important in Europe, the difficulties are also much more in evidence than in Vigo.

Sr Jose Freire Vazquez, president of the fishery association Aerpesco in La Coruna, says that the port's livelihood is as much as 75 per cent dependent on the EEC.

"This fleet was built specially for fishing in Community fishing grounds," says Sr Freire: in particular the area off southwest Ireland known as "Grand Sole."

Shell fishermen are still in the craft stage

According to the region's nationalist trade union, the INTG, 7,000 people in Galicia have already been laid off by "Grand Sole"—that is, by the restrictions on fishing licences given to Spanish trawlers.

Yields, Sr Freire says, have been diminishing, and some vessels which have been forced to fish outside the 200-mile limits have been losing money. Owners have been unable to compensate rising costs, especially of fuel, and EEC restrictions have increased the overfishing of Spanish waters.

Pressure on fishing rights has led to a number of boats being transferred to joint-venture fishing companies, under British or Irish flags. These co-owned operations, set up under a 1976 Spanish provision, have continued in operation after a clampdown last year by the UK Government, which stipulated that in order to fly the UK flag fishing vessels were required to have crews at least 75 per cent composed of British or EEC nationals. Ireland introduced a similar ruling. However, in spite of the cost and logistical complication of ferrying crews from the British Isles, usually by air, and friction over working methods and conditions, about 60 trawlers are operating on this basis from Galician and other northern Spanish ports. La Coruna is a main centre.

Since 1978, when 240 licences were awarded to Spanish-flag vessels to fish in EEC grounds, the number has been cut by half.

Wealth

The Spanish fishing industry also complains about the structure of EEC fishing quotas, based on a one-to-two ratio between hake and related species. Some north-western ports are much more geared to the related species, notably Vigo, which specialises in megrim and angler.

However, if the fishermen are making their voice heard it is not just because of the extent of their problems but also because they are a well-organised and powerful lobby.

At the same time Galicia's shellfish are potentially a source of considerable wealth within the EEC. This sector provides the visitor with one of the region's principal delights, and one of its most extraordinary sights: the armadas of mussel-rafts in its river estuaries.

Galicia exports its mussels, but the whole business is almost entirely still in the craft stage, with producers organised in local "cofradias" or guilds. Once again, its future hangs partly on the terms of transition towards EEC membership, with respect to the removal of current tariff barriers. But with measures to rationalise archaic structures, and to widen the range of species, the oportunities are considered to be enormous.

Economic problems

CONTINUED FROM PREVIOUS PAGE

including from those who have returned from Mexico (Indianos) or Europe. Some have set up bars or businesses, but the impact has been limited, except for property development and the large number of Mercedes on the roads.

The other side of emigration has been a continual brain drain, which must, if autonomy is to have any sense, be reversed.

The regional government, with an annual budget of about £500m at its disposal, is gearing its economic plans to bringing more decision-making power to the region and basing its development to a much greater

Galicia has some large industries including most of Spain's aluminium production, and a fifth of its electricity output using hydroelectric power and lignite. What it lacks is a depth of medium-sized enterprises. The authorities are anxious to promote this private sector and to co-ordinate public sector interests in the region.

For all the gloom over jobs, Galicia counts some doggedly optimistic businessmen, who see promise in both old and new sectors.

Not least among the activities still to be fully exploited is tourism, which has everything in its favour except what people usually go to Spain for — guaranteed sun. Most of Galicia is in this respect virgin territory, one of the last coastal regions of Spain still with the

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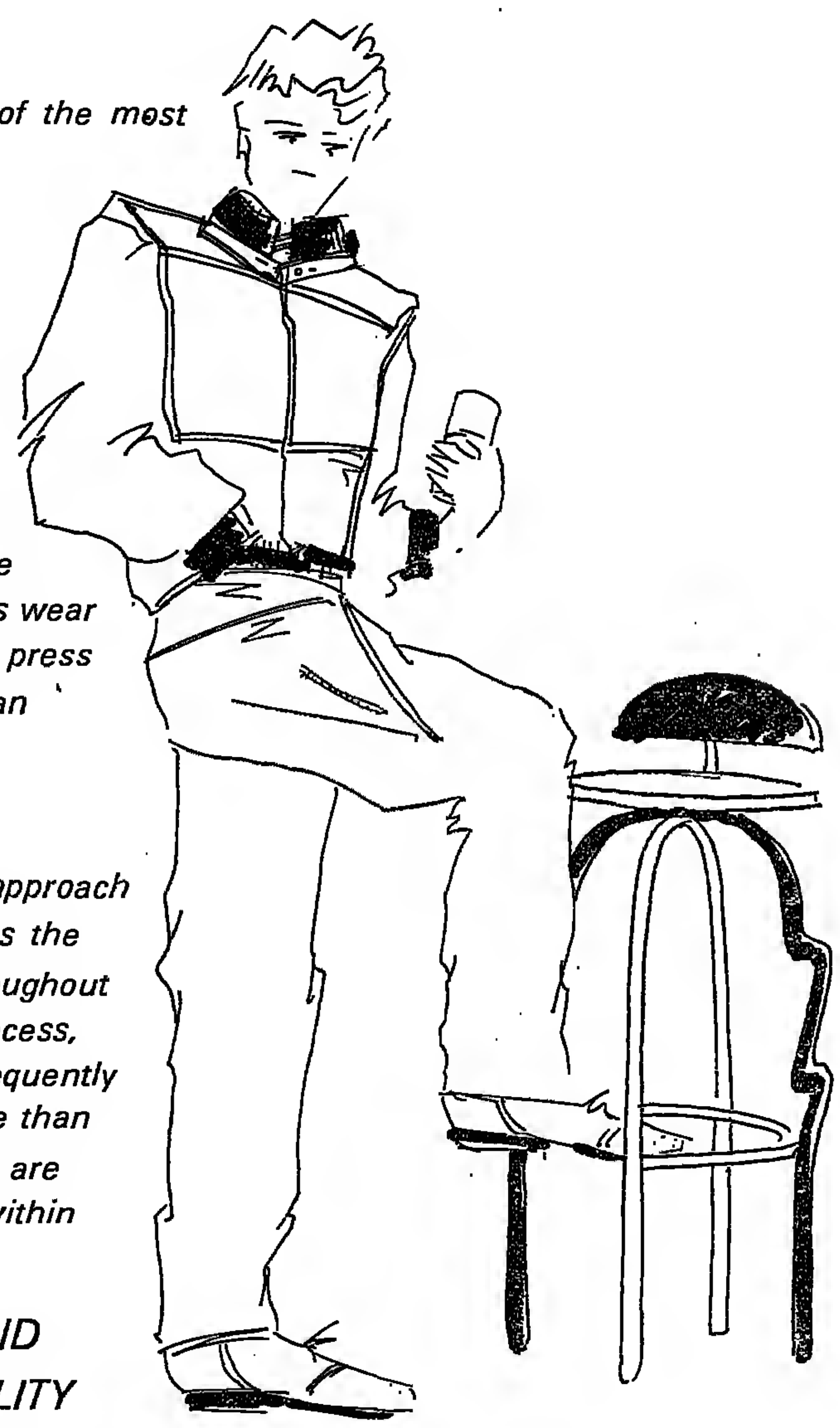
INTERNATIONAL FASHION FROM GALICIA

Galicia fashion is new and emanates from a new generation of Spanish designers. This has become the most exciting and important event that has overtaken the demanding world of international fashion in the eighties.

With the backing of a powerful, forward looking industry supporting the Galician designers, they are now challenging the world with their original and perceptive designs.

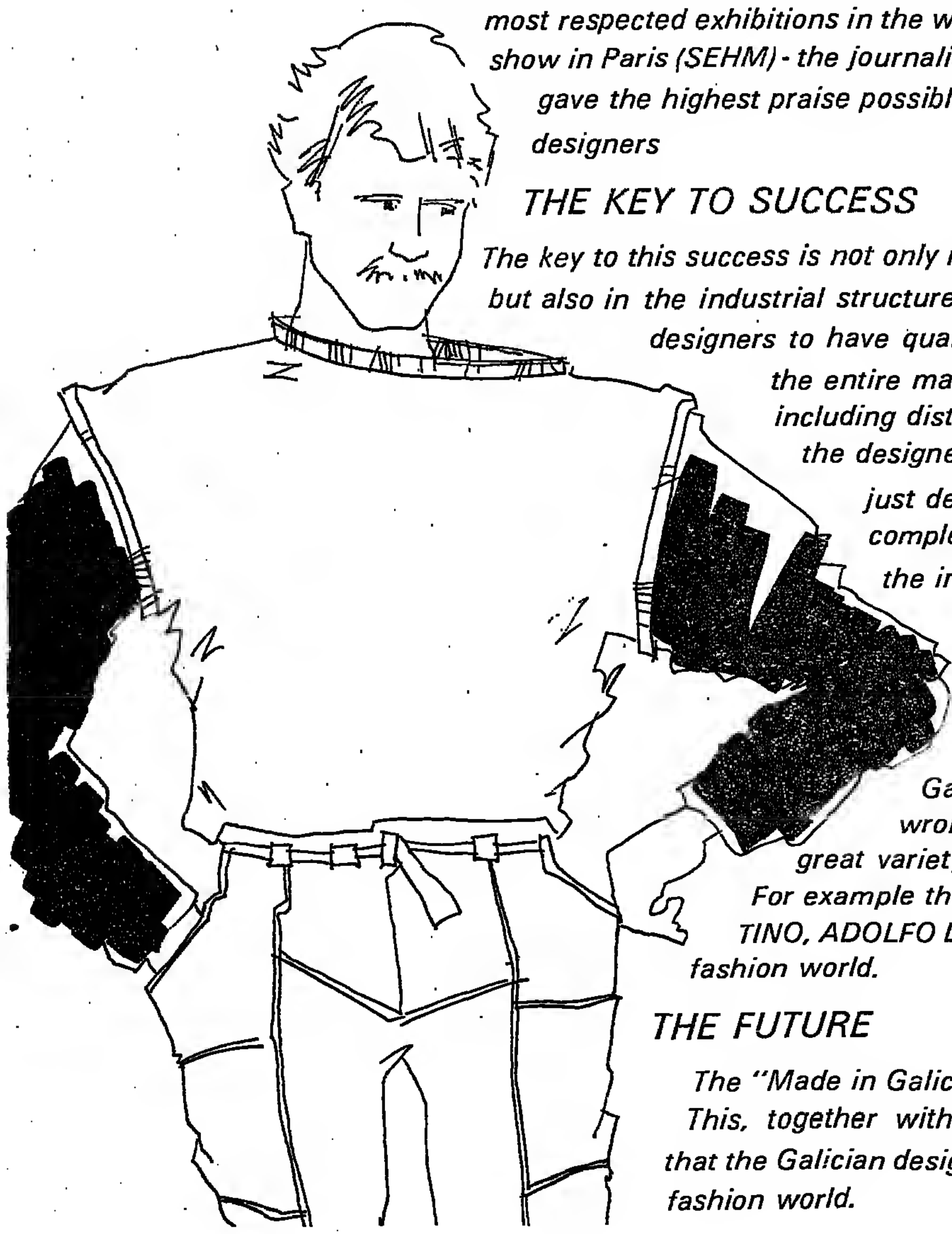


WORLDWIDE MARKETS

The Galician garment industry has already broken into some of the most important and competitive world markets, such as exclusive shops throughout the U.S.A. Europe and Japan. This cannot be achieved unless the designers can offer some fresh and exciting new designs together with an acceptable quality/price ratio.

THE MARKETING APPROACH

Galician fashion is the brightest, ascending star in the important international fashion shows. For example, recently, at one of the most respected exhibitions in the world - the men's wear show in Paris (SEHM) - the journalists of the trade press gave the highest praise possible to the Galician designers



THE KEY TO SUCCESS

The key to this success is not only in the creative approach but also in the industrial structure, which enables the designers to have quality control throughout the entire manufacturing process, including distribution. Consequently the designers are far more than just designers, they are completely involved within the industry.

IMAGE AND PERSONALITY

Up until now, we have always referred to Galician fashion or Galician designers, as a homogeneous group. It is of course quite wrong of us to do so because behind a common concept, there is a great variety of designs wich reflects each individual designer's personality. For example there are CAFRE, CARAMELO, D'AQUINO, CORTEMANS, FLORENTINO, ADOLFO DOMINGUEZ, UNICEN whose creations are appreciated by the fashion world.

THE FUTURE

The "Made in Galicia" label reflects quality, creativity and technological innovation. This, together with an aggressive marketing policy around the world will ensure that the Galician designers will take their rightful prominent place in the international fashion world.

adolfo dominguez	cafre	caramelo s.a.	cortemans	d'aquino	florentino	pressman	unicen	vesgante

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A shared secret between friends

Tourism

TOM BURNS

"GALICIA," says the Xunta tourism department official in La Coruna, "is not Benidorm—thank goodness."

Tourism policy plans to keep it that way. Galicia is for the discerning who stray the package holiday herd, and it hopes to remain that way.

Tourism in Galicia is modest by Spanish standards and is atypical to the rest of the country. Foreigners make little impact; nine out of 10 tourists in Galicia are Spaniards and the odd foreigner is more likely to be Portuguese than from anywhere else.

Galicia is the antithesis to the stock view of Spain, the land of sunshine, sangria, castanets and carnations. The estuaries on the Pontevedra coastline, known as the Rias Bajas, are close cousins to those of south-west Ireland and Brittany. Inland Galicia could be Wales but for the odd palm tree and the temperate climate.

Big hotels in the region can be counted virtually on the fingers of one hand, and the huge tourist complexes that are a feature of Spain's Mediterranean coast are non-existent. Only the island of La Toja, north of the city of Pontevedra, with its grand hotel, golf course and casino open until 5 am approaches the big holiday playground league. But La Toja, which includes a luxury villa development, is upmarket and suitably *sedate*.

Hotels in Galicia tend to be small, family operations. The region has a 5.3 per cent share of the hotels in Spain but only 3.2 per cent of the hotel beds. Business is very seasonal and in recent years has shown an occupation rate upwards of 80 per cent between June and September.

With a certain amount of relish, Xunta officials stress that tourism in Galicia is something of a shared secret among old friends. It is a family holiday place and the visitors come back year after year.

A "ceremony of the dead" involves those who survived serious illness the previous year being paraded in coffins

There is every reason however for the outsider to make the effort and break through the low-profile promotion. Galicia, like any place that takes a pride in being Celtic, is packed with antiquity and mystery—or rather with *meigas*, the local folklore term for witches.

The region has stunning natural scenery that climbs from the estuaries through green farmland, above the pine and eucalyptus forests to moors with colour. Galica is also a gastronomic experience as befits a region that boasts a huge fishing fleet, an abundant vegetation and the best beef.

Antiquity in Galicia means principally the Way of St James, the extraordinary medieval pilgrim road to Santiago. The Romanesque churches and hospices are, however, only part of the story. Galicia is studded with stone roadside *crosses*, some dating from before the 11th century, known as *cruceiros*. These represent both signposts for the traveller and commemoration of past miracles and crimes.

Even others are the *pallozas*, adobe thatched huts that are among the most primitive settlements still in use in western Europe. A system of miniature granaries on stilts, called *horreos*, also found in other areas of northern Spain and in north Portugal, are especially concentrated in Galicia. Galicia is also rich in country manors called *pazos*.

The odd *pazo*, notably that of Bayona and one in Cambados, both on the Pontevedra coast—have been turned into *paradores* by the state-run luxury hotel organisation. A long-term project by the Xunta's tourism department is to create a more encompassing *pazo* network, opening them up to the public like national trust country houses and transforming some into guesthouses and restaurants.

In a Spain where almost the sole representatives of architecturally grand living are big, mostly ruined castles, the comfortable and stylish *pazos* stand as incongruous exceptions.

Protecting the countryside is a top priority for the Xunta. The minor allocations for the tourism department have made something of an issue of environment. A chief aim is to establish controls for camping sites in rural areas, not least because of the forest fire hazard.

Far more could be done by the tourist department to encourage walking tours and hiking. Equally there should be a future in developing the region's well-stocked rivers for the angler tourist. The magical primitive and rural Galicia has still to be opened up for the outsider and there is a middle way between making it accessible and turning it into Benidorm.

The small hamlets, or *aldeas* of Galicia, are rewarding in their folklore and customs and each celebrates the feast day of its local patron in appropriate style. The most exhilarating of the country festas involve rounding up the wild ponies that live on the moors. These are staged mostly in the province of Lugo in the spring and consists of distinctly Bacchanalian rodeos.

Santiago does not have any Michelin accolades—but nor does it have a single hamburger joint

Stranger fiestas draw from the Celtic Christian-pagan mix, and involve exorcising humans and livestock, and producing votive offerings in the local church — Galician parish churches are full of them. In the village of Puebla de Caraminal a "ceremony of the dead" involves those who survived serious illness the previous year being paraded in coffins.

Eating is a well-established ritual in the north of Spain, and Galicia holds its own in the gastronomy league against the Basque, Austurian and Santander cuisines. It has its own peculiar features, such as abundant use of cabbage and *grelos* turnip tops in broths and stews, mostly of pork.

There is also the ever-present boast that Galician chickens, and in particular capons, all allegedly hand-fed in the neighbourhood of Villalba, Lugo province, are unparalleled.

The star turn in Galician cooking is fish and shellfish. It is claimed that there are about 90 varieties of salt and fresh-water fish that figure on a regular basis on the region's menus. Galegos seem to take this in the natural order of things.

Santiago de Compostela is a university town with more than 30,000 students. It does not have any Michelin accolades for its restaurants but nor does it have a single fast-food hamburger joint. The students appear to eat gargantuan meals in cheap taverna — of which there are dozens — and wash them down with the local wines, blissfully unaware of their privilege.

The serious gastronomic event of the year is staged in the second week of October at El Grove, on the Pontovedra coast. This is the shellfish festival and it is deservedly popular locally and incomprehensively ignored not just by non-Spaniards but by non-Galegans as well. The whole of the region's shellfish industry is on show and on sale for bargain prices.

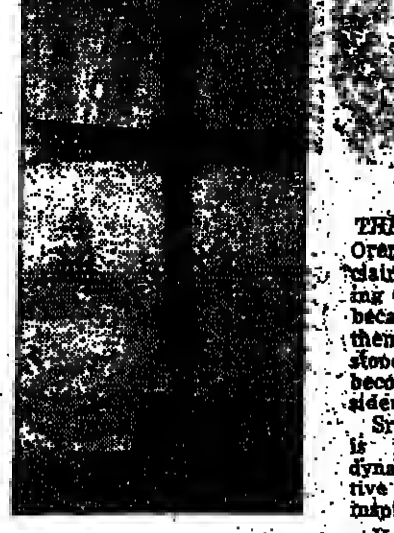
A dozen oysters, and very good ones, cost less than £1.50 and they are consumed by the ton.

This year, the Grand Hotel of the nearby La Toja resort ran an all-in menu for the festival at a cost of £35 a head—the top-priced menu during the week—which included *oysters*, spider crab, lobster, clams, coquilles St Jacques, langoustines and several other crustaceans in abundant quantities. That was just the first course.

Hake, the *meluza* beloved of Spaniards, came *afterwards*. There was a variety of puddings—a separate area of local gastronomic pride—to finish.

One drawback, according to conventional tourist promotion wisdom, is that Galicia is wet. This is undoubtedly true in comparison to the rest of Spain, but certainly not against the European mean. Ponteverda, somewhat surprisingly, comes 11th in the annual hours of sunshine league among Spanish provinces.

Another is that though there has been some improvement in the access roads to Galicia from the Castillian hinterland, the region is still badly connected with the rest of Spain. The road network within Galicia also remain backward. The extension of Santiago de Compostela airport, now served by regular *flights* from several European points including London is a distinct improvement.



Cruiz de Los Farrapos, Santiago de Compostela

The patriarch of Orense

PROFILE

Sr Eulogio Gomez Franqueira

FOR MORE than 400 years before Sir Walter Raleigh wrote about his "scallop shell of quiet" and his "staff of faith" people had been taking their pilgrimage to Santiago de Compostela. More than 400 years later they are still tramping along the way, staff in hand, walking boots instead of sandals and leather skin wine bottles in place of gourds, but with their scallop/cockleshell stuck firmly onto the back of the rucksack.

Mediaeval man was enthralled by the legend of the arrival of St James' coffin aboard a stone boat to the western shores of Galicia shortly after he was beheaded in 44AD or thereabouts in Jerusalem.

The coffin was then rediscovered buried in a field in the ninth century and from then on Santiago was in business. In the high Middle Ages half a million a year were making pilgrimages to the tomb of St James, now safely placed beneath the main altar of Santiago's cathedral.

If the cheats who arrive in Santiago aboard charter flights are included up to 6m pilgrims are estimated to make it to Compostela cathedral on what are known as Holy Years, the years when St James's feast day falls on a Sunday. The real pilgrims start back in France and do the "French road" all the way from Paris, from Vezelay, from Le Puy or from Arles which were the four main departure points in the 11th century.

T. B.

THERE ARE no billboards on Orense's provincial borders proclaiming "you are now entering Gomez Franqueira country" because there is no need for them. It is perfectly understood locally and rapidly becomes apparent to the outsider.

Sr Eulogio Gomez Franqueira is the funder of Orense's dynamic agricultural cooperative movement and its chief inspirational force.

He is the undisputed patriarch and is Orense's chief employer, main banker and its foremost political broker. Sr Gomez Franqueira's patronage of the Centre Party, Coalicion Galega, is seen as essential to the fortunes of the political group.

The business achievement of Sr Gomez Fraqueira is recorded in the 1983 annual report of COREN (Cooperativas Orensanas) which showed that this holding company of 19 co-operatives had topped a pta 19.5bn turnover, pta 3.5bn up on the previous year and double the 1980 turnover.

In addition two pig-producing cooperatives associated to COREN raised their stake last year in the local slaughterhouse Frigolouro to 99 per cent and the meat processing plant required a turnover of close on pta 7bn.

Liberalisation

Those figures gain in importance, as does the role played by Sr Gomez Franqueira, when viewed with a certain amount of historical perspective.

In 1960, which was when Sr Gomez Franquoira began to involve himself in the co-operative movement, the per capita income of Orense was well down on that of the rest of Galicia and was exactly half the national average. Orense was almost entirely rural and more than 70 per cent of its labour force was employed in agriculture.

Sr Gomez Franqueira, 67-years-old, had been a village schoolmaster for 22 years when he was given the political appointment at the end of the fifties of chief local executive of Orense's state-controlled services and grain distribution network fo the agricultural sector, a network known as UTECO.

The appointment coincided with liberalisation laws that meant the formal end of the Francoist economic autarchy and, along with it, the end of the UTECO monopoly status.

From his vantage point at UTECO and using to the full the intimate knowledge of the psychology of rural people gained as a schoolmaster, Gomez Franqueria launched into founding co-operstives with an evangelising zeal.

His initial break came through Swift, the U.S food company, which entered in a joint venture with Orense co-operative farmers organised by Sr Gomez Franqueira to produce eggs.

The real break came midway through the sixties, when the co-operatives ended their contract with Swift and the COREN holding took the place of the U.S. company.

COREN's egg-producing co-operative, with 308 farmers associated and each of them with 6,000 odd hens, has a six per cent share of the national egg market. The holding's broiler hen co-operatives has 309 member farmers each equipped to rear 18,000 units.

The farmers, through their co-operative membership, participate in COREN'S chicken meat-producing plant, the incubator, the processer and the holding's retailing company.

Poultry is the cornerstone of St Gomez Franqueira's operating, but COREN is active also in grouping cattle and dairy co-operatives and, a more recent introduction, pig co-operatives. In all there are at present more than 1,000 Orense farmers associated to the co-operative network and turning over their entire produce to the central organisation.

At the nerve centre, the COREN headquarters, the holding's executives, with Sr Gomez Franquoira as general manager at the head, closely monitor the market and fix production levels and prices.

Financing COREN and the members of its co-operatives is the local Orense savings bank, the Caja Rural, which Sr Gomez Franqueira created together with COREN in the Sixties.

T. B.

Reorganisation needed to survive in EEC

Agriculture

TOM BURNS

Ashley Ashwood

AFTER INDIA, it is in Galicia that the cow constitutes the number one hazard for the unsuspecting motorist. The beasts are to be found at each bend of every winding, narrow road, munching grass from the banks.

It is not that the cows are loose. What makes the situation bizarre, as well as hazardous, is that each cow is tended by its owner who holds firmly on to a 12 ft rope knotted to the cow's horns as if it were a dog leash. Richer peasants may be holding as many as three cows by the roadside.

This habitual Galician scenario illustrates at least two key problems for the area's agriculture: underemployment and overcrowding. The fact that the cowtender is usually a wrinkled grandmother in black headscarf and wooden clogs says something, too, of a depressed and primitive labour force.

Almost certainly the cow tender has never heard of the European Community or of butter mountains and milk lakes. Sr Fernando Garrido, the Xunta's Agriculture Conseilleiro who is all too aware of European entry, says bluntly: "If we join Europe tomorrow, the day after Galicians would be tossing 1.5m litres of milk a day down the drain."

Leaving aside the potentially crippling competition posed by higher quality Community dairy products, a more immediate question is why should a Catalan-based yoghurt and milk derivative producer such as Danone, for example, take milk from Galicia after EEC entry when it can be supplied by France, which is 10 times closer.

Sr Garrido wants three things: most importantly an EEC entry transition period of about four to five years to allow Galician agriculture to prepare for Europe. Secondly, there has to be positive backing from Madrid, and aid from Brussels if possible, for the concentration of Spanish dairy production and elaboration in northern Spain. Finally, Galician farmers have to adjust to a future in which beef production, in place of milk, will be the norm.

For Galicia's agriculture to survive EEC membership, there has to be a major restructuring of production and of food-processing interests as well as of the pattern of land holding.

The reality of the region's farming is enough to make an Agriculture Minister reach for ... average of 40 per cent of the local active population is supposedly employed in agriculture, and the proportion—which is more than double the national average—is higher in the province of Lugo. Sub-employment on the land is a dramatic fact of life.

The alleged agriculturally employed are tied to a crazy patchwork of tiny plots, ancestrally divided to the nth degree, that constitute one of the most striking European examples of the *minifundio*.

In the same way as vets and rural doctors are usually noted local *caciques* or political bosses—a surprisingly high number of Galegn politicians are doctors—the men dedicated to the arbitration of land inheritences and the parceling up of heirlooms carry significant weight and have been steadily employed for centuries.

By Sr Garrido's reckoning, only some 3,000 of Galicia's 50,000-odd farms are up to European production standards and can provide a post-EEC entry livelihood. At least half the area under cultivation or set aside for usually one-cow pasture consists of mini-plots.

Government attempts over the years to reparcel the plots under a scheme known as agricultural concentration have met with the firm resistance of a people that tends to attach mystical importance to the land of its forebears, however uneconomic it might be. Attempts to promote co-operatives are usually non-starters.

Part of the Agriculture Conselleiro's energies are devoted to recycling common lands which belong not exactly to municipalities but to parishes, in another instance of a feudal vestigo. These lands were handed to town councils during Franco's rule and subsequently ... mission, which planted pine trees.

A considerable amount of parliamentary time and legislation has been devoted ever since to reversing the ill-judged decision, while the locals speeded things up by setting fire to common land forests.

The common lands are once more owned by inhabitants of parishes and the next step is to put them to more productive use. Sr Garrido would like to clear the land and promote beef farming. This policy would appear sensible but runs against vested interests of wood merchants and animal meal producers as well as against the suspicions of the parishioners who own the land.

Pasture

Sr Garrido's predecessor as Agriculture Conselleiro was relieved of his job last January because he clashed with the vested interests when pursuing a similar recycling. The present agriculture incumbent is aware of such pitfalls as well as the difficulties in forcing anything on farmers.

"All I can do is provide machinery to clear land, seeds to create meadows and a measure of expert advice the rest is up to the parishioners," Sr Garrido says. This year the Xunta's regional budget has set aside Pts 80m for the recycling and the figure has been raised to Pts1bn next year.

Ideally, the common lands should also provide pasture for sheep, but this presents greater problems as there is no traditional sheep-rearing in Galicia and it remains a long-term objective. The central point is, however, to use the lands — a total of some 800,000 hectares ... to guide agriculture away from dependence on milk.

The production of milk in Galicia needs a radical overhaul as well as a reduction. An often-repeated complaint in farming circles and in the Xunta is that Galicia's milk receives a raw deal from Madrid, quite apart from the problems posed by Europe. There is righteous indignation over the fact that as much as 70 per cent of the region's milk produce is exported out of Galicia to be processed in Castille, or as far away as Catalonia.

To attract investment in Galicia for milk processing, the Xunta is offering to provide up to 20 per cent of the outlay and soft credit lines for seven years. Already there has been some movement in this direction, with French companies taking the lead. The Xunta has, meanwhile, joined hands with the neighbouring autonomous community of Asturias and with Cantabria who form the so-called "wet Spain" in a lobby that will insist on Spanish dairy production in the north where costs are much less.

There are other smaller schemes underway. The Xunta is injecting money into the local vineyards and promoting the small number of local wines, particularly that of albarino, which is claimed to be of a *superlative quality*.

Mushrooms

More surprising has been the cultivation of Kiwi-fruit. Started 10 years ago on an experimental basis, the turnover from the exotic New Zealand fruit now totals some Pts 10bn.

Enterprising Galegos in the agricultural sector have found also a promising business in mushrooms grown for the Japanese market. Exports of mushrooms to Japan have grown from Pts 200m to Pts 700m in three years. A further delicatessen line recently opened in Galicia concerns putting the abundant chestnut forests to good use producing marron glaces.

Kiwis, specialist mushrooms and sticky chestnuts are certainly not going to solve the problems of the overpopulated land of the Minifundio. But such initiatives, simply because they are light years away in mentality from the cow at the end of a rope, should not be underestimated.

Rationalisation would be a huge leap forward should it ever be properly and effectively applied to Galicia's agriculture, just as much as diversification would. If primitive thinking, farming methods, ownership patterns and all other offspring of sheer backwardness were wiped off to give Galicia a clean slate for its agriculture there is no reason why the area should not be as abundant and rich as any community in the world.

Ships hit broadside by restructuring crisis

Industry

DAVID WHITE

GALICIA, the least industrialised region of northern Spain, has been hit broadside by the industrial crisis. Its biggest industrial sector, shipbuilding, is the one most squarely in line of fire for restructuring measures being planned by the Madrid government.

The cutbacks which have been hanging over Spain's shipbuilders for more than a year and are in the tense, last stages of negotiation, mean the end of ship construction at Galicia's main civilian yard and the loss of 60 per cent of jobs there. Three of the smaller shipyards in the Vigo area are also in trouble.

The shipyard conflict, which has become the dominant political issue in Galicia and can be expected to explode with increasing regularity on to the streets, shows up the fragile structure of industry in one of the regions where it was last to develop significantly.

Manufacturing industry in 1981 accounted for 14 per cent of jobs and 18 per cent of production in Galicia — compared with more than 40 per cent in both cases, in the Basque country. While several big industries have been installed, there is no reserve of medium-sized companies capable of replacing any one of them.

While in both new and old industrial sectors there are signs of thriving entrepreneurial activity, the fact remains that there is no single big industrial company headquartered in Galicia.

Tankers

The shipyards represent roughly a third of this sector in Spain, and account for a total of about 20,000 jobs, according to trade union figures. Shipbuilding grew out of fishing — the basis of today's Vigo shipyards — which brought rapid growth to the town in the 1960s, and out of the navy, which established an arsenal at El Ferrol in the 18th century.

Although the civilian shipyards began under private initiative, the state has to come play the dominant role there, too. The El Ferrol yard Astano — which specialised in oil tankers, the vessel most badly hit by the crisis — and the small Vigo builder J. Barreras were taken under the state's wing in the 1970s. The two large yards, the ill-fated Astano and the Bazan — the naval yard next to El Ferrol's naval base — belong to the state INI Group.

The cutback plans — which do not take Bazan into account since it comes under the category of defence industries — would reduce Astano's workforce from 5,600 to 2,200. The conservative regional government has joined with centrists, communists and radical nationalists in opposing the measures, seen as penalising Galicia on grounds which have more to do with politics than economics.

Sr Ramon Diaz del Rio, the Xunta's man in charge of industry, argues that the restructuring has been badly planned and that the choice of Astano for closure has "scant justification from a technical point of view."

The real argument of the plan's opponents, however, is that in Galicia the industry represents a bigger share of the total economy than anywhere else.

The threat of serious recession hangs over two of Galicia's main industrial centres—El Ferrol and Vigo. To reduce the damage, the Xunta is offering special aids of up to 20 per cent for ship construction in the region and plans incentives of between 10 and 20 per cent, plus substantial interest rate relief for new investments.

Galicia's only other traditional industrial sector, also linked to fishing crafts, is canning. Spain's first canning factory was set up near Vigo in the 1860s and dozens of companies are active.

Aluminium

The sector has had a series of recent setbacks. Difficult home market, fall-out from the "toxic syndrome" scandal which made consumers wary of anything using Spanish edible oil, EEC barriers and competition from other producers.

However, the canneries have played an important role in fostering side activities. Just as shipbuilding brought in engineering activities, the canneries provided a stimulus for the local development of cardboard, packaging and aluminium.

The main part of Spanish aluminium output is concentrated in Galicia, making use of the abundant energy resources. It is the main modern arrival in the region after the motor industry 25 years ago and the two sectors are entirely in the hands of state and foreign capital.

Citroen, with about 8,000 jobs in Galicia, is the region's largest industrial employer. The French manufacturer, attracted to the region by free zone facilities then being opened in Vigo, produces more than 100,000 vehicles a year at its plant and has a components factory at Orense, as well as a joint venture in Vigo with the state-owned producer Seat making transmissions.

The Vigo factory is Citroen's principal production unit outside France. It exports about half its output, exclusively to the French parent, which centralises worldwide sales. It is also dependent on parts and some motors from French factories for slightly more than half, on average, of every car.

Spain's entry into the European Community, scheduled for 1986, now poses the problem of adaptation for the Spanish works. While the factory is modern—with a polyvalent production line, welding robots installed as long ago as 1978, and production costs which the management says are comparable to France's—the basic concept of the plant is geared to a tariff structure that will be dismantled after membership.

Because of the high degree of tariff protection for the domestic Spanish market, Citroen is geared to producing a whole range of models at this plant.

This lack of specialisation may no longer be justified once French-made Citroen's can be supplied on the same terms. This doubt over the Spanish unit's future place in the French group's multinational strategy, combined with pressure from French unions to support home-based production, casts a shadow over the venture and the local companies which have Citroen as their sole or main client.

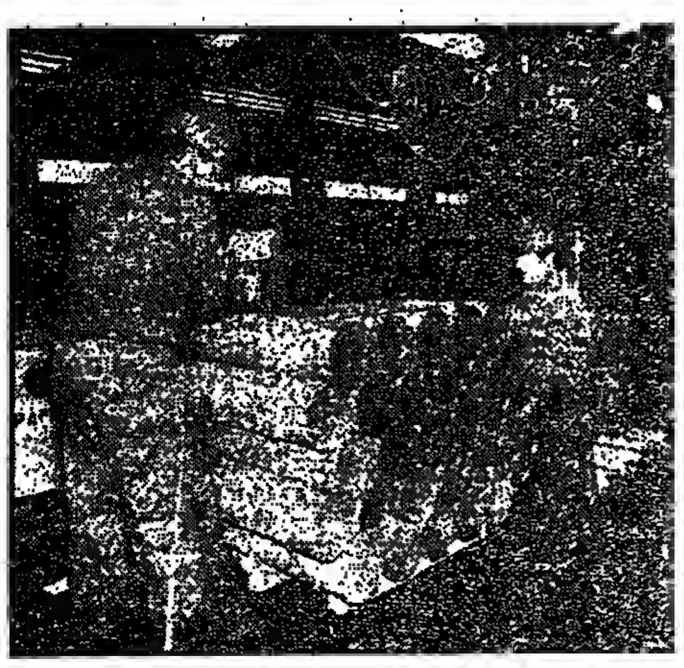
Another shadow comes from the recent difficulties of the aluminium and steel industries. Both Aluminio Espanol, the main state-owned aluminium smelter, and Sidegasa the local steel company have been through the procedure of suspension of payments to avoid bankruptcy.

The financial crisis at Aluminio Espanol, Spain's first integrated Smelter complex $1bn project completed on the coast of Lugo province in 1980, was resolved last year in a reorganisation plan embracing the French Pechiney group's subsidiary Alugasa, one of the partners in the venture. The result of this plan, which simplifies a complex relationship between competing concerns, is that the Spanish state takes control of the whole sector.

The large space occupied by the state sector in Galicia is the result of a vacuum—that of industrial tradition in a region which people have always left to make their careers.

With the one main exception of Citroen, Galicia has equally been one of the regions of Spain less favoured by foreign investment—which has tended to stay close to the main cities.

However, new industrial activities are sprouting including some companies, notably in the textile business, which have emerged from the underground economy. This recent phenomenon of Galician enterprise is most evident in the clothing business.



Ashley Ashwood

Most of Spanish aluminium output is concentrated in Galicia

Coat made by Adolfo Dominguez in Orense.

Local boy clothed in fortune and fame

ON A GENTLE slope in a valley some 10 miles from Orense there are three granite single-storey blocks that are reached by what is at present a cart track and look like either bomb shelters or missile emplacements. They are in fact the home and headquarters of Sr Adolfo Dominguez, 37, a self-made local boy who has achieved fame and fortune by designing avant-garde clothes that extol the virtues of the "wrinkle" and the crumpled look.

Sr Dominguez is the most disconcerting individual to be found in the inland province of Orense. This most backward province of the already backward Galicia region has at the same time produced the last word in Spain in everything that is super cool, chic and sophisticated.

Inside the granite blocks, where all is whiteness, space and unusual furniture, Galicia is left behind on another planet. The talk is of "what constitutes the vanguard," and there is general consensus that Japan dictates clothes fashion and that the traditional design names are dead. A lot of the talk is about industrial design and about the real test of creativity.

Introverted, or perhaps just timid, Sr Dominguez, has no particular time for publicity and not much personal interest in being a celebrity. But he is not a recluse in Orense by choice.

His home town just happens to provide cheaper manufacturing costs and this has enabled him in the past four years to build up a turnover of Pta 2bn (US$11.56m) by supplying his clothes to 300 upper bracket establishments, 150 of them outside Spain.

Were it not for his factory in Orense Sr Dominguez would prefer to live in, he thinks, Los Angeles. "The big city might pollute your health," he says, "but rural living pollutes the mind." Topics about small things being beautiful tend to make him as impatient as those about bucolic pastoral life. "What I want is to have up to 3,000 people working for me and a Pta 15bn turnover," he says.

Growth is very much a probability. Sr Dominguez has an obvious creative talent and with his "look" he seems to have hit a goldmine. His governing idea is to "dress the immense minority who think" in what is a line borrowed from the Spanish modernist poet Juan Ramon Jimenez. His success comes from perfectly identifying that minority and then going on to supply it with the flair and individualism it demands.

The talent is translated into big business in relation to the growth of the minority. It is upper income, aged between 20 and 45 and made up of the liberal professions.

Well-established now in Madrid and in Barcelona, where he controls his own shops, and with an outpost Adolfo Dominguez branch in Hong Kong, he is now preparing his direct assault on Europe. An Adolfo Dominguez store will open next year in Paris and London will follow soon. His collections, both for men and women, already attract considerable international attention.

The meteoric rise of Adolfo Dominguez is startling not just because of his own humble origins in out of the way Orense but because Spanish design is hardly in the front line. It could be, however, that Sr Dominguez with his restless intellect is just the tip of an iceberg and that behind him, and competing with him, will come a new generation of creative Spaniards, rid of complexes of a past isolation, and determined to break in on the international scene.

Tom Burns

Sheltered by regional strength

PROFILE

Banco Pastor

YOU CAN TELL you are in Galica by the bus shelters. These are invariably built as advertising supports for banks, and the dominant variety is concrete and bears the name of Banco Pastor.

At Pastor's headquarters, near the waterfront of La Coruna, they like to say the name is so well known here it is not even used, and that the bank is referred to simply as O Banco (The Bank).

Although a medium-sized bank by Spanish standards, Pastor claims to be number one in its home region, by the number of its branches, the size of its liabilities and the volume of its loans.

With the rival Banco de La Coruna having been swallowed up by one of the major national banks, Banco de Bilbao, its position in Galicia is virtually unchallenged.

Geared from long ago to channelling the funds remitted by Galician emigrants, Pastor developed into an industrial bank during the Franco period under the control of Sr Pedro Barrie de la Maza.

His empire included the Astano shipyard in El Ferrol and Genosa, the electricity-generating company. But this emphasis progressively declined as the shipyard was taken under the state umbrella in the early 1970s, and the Banesto banking group took the main shareholding in Fenosa, before the later was absorbed by Union Electrica.

The team brought in after Sr Barrie's death in 1971, headed by Sr Ramon Linares as chief general manager, has moved back to developing Pastor as a commercial bank. It does, however, still have important investments, including the island of La Toja, near Pontevedra, being promoted as an up-market leisure playground, a real-estate venture and golf-coursa and hotel-casino.

Sr Linares is convinced that having a strong "regional component" — about 80 per cent of Pastor's 300-plus branches are in Galicia—is the key to survival for a medium-sized bank. At the same time, because of its traditional business with Galicians abroad, Pastor has nine offices and branches in Europe and Latin America, and considers itself ready to take part in the more international banking world after EEC entry.

While many of Spain's smaller banks have been running into difficulties over the last five years, Pastor has produced regular—if unspectacular—profit increases.

The bank's appeal to local clients, says Sr Linares, is tied in with the knowledge that a good part of its earnings are ploughed back into the region through the Fundacion Barrie, which holds about 40 per cent of the capital.

The foundation, which claims to be the third largest of its kind in Europe, is Sr Barrie's legacy. Modelled on U.S. foundations like Ford and Carnegie, it is devoted to educational and cultural projects in Galicia. Its most notable impact was through the establishment of technical institutes, which were lacking in the region.

Local gossip about the Pastor and Barrie families would provide enough material for a good Victorian novel. When Sr Barrie died, his empire — including the chairmanship of the bank which by tradition alternated between the different branches — passed to his recently-married wife, Carmela Arias y Diaz de Rabago, Countess of Fenosa.

This must be one of the oddest titles of nobility in existence. Fenosa is neither a royal house, nor a place, nor a battle. It is the initials for the company Fuerzas Electricas del Noroeste S.A.

Recognising that "the most important and basic work of industrialisation in a country was the supply of electricity" —in the words of Sr Joaquin Arias, vice-president of the foundation and brother-in-law of the founder — a grateful General Franco conferred this title on the man who made the company.

D. W.

Ambition usurps style

BY RICHARD LAMBERT

Gentlemen of Fortune. The World's Merchant and Investment Bankers
by Paul Ferris. Weidenfeld and Nicolson. £10.95.

PAUL FERRIS had his introduction to Mammon a quarter of a century ago, and the book which followed—The City—remained a worthwhile read for many years. The shelf life of his latest study, covering the world's investment and merchant bankers, will be considerably shorter. Although the book includes events which took place as recently as this summer, it is already beginning to look a shade dated.

Take the title, for starters. Is it still accurate to describe these people as "gentlemen"? Admittedly there are still few women in the top ranks of the trade, but in other respects the personalities are changing out of all recognition.

For one thing, they have to work much harder. Ferris quotes several Wall Streeters who regularly get in to work before 7 am, and the business lunch—still a hallowed ritual in the City—is becoming less of a habit in New York's financial district.

The distinguished east coast families who used to run the big U.S. investment banks are being replaced by a rougher crowd, often brought up in the cut-throat world of the trading room rather than the more refined atmosphere of the corporate finance department. Old-style partners, in the words of one senior figure, have been "replaced by people who are possibly harder working, probably cleverer, certainly more ambitious. They start with no money and are out to make it quickly, which produces a different ethical approach."

It is debatable whether these characters should still be called bankers. They don't make much of their money out of straightforward loans, and they do not have the kind of relationships with their clients which used to extend across generations.

Instead, they spend their time dreaming up new products—a word which would have seemed vulgar only a few years ago. Investment banking, it has become fashionable to argue, is a "transactional" business these days. In other words, you are only as good as your last deal.

Ferris is a first-rate reporter, and his book captures the excitement of the upheaval which competition is causing among the world's investment and merchant banks. It is very good on Wall Street and rather snooty on London: it also extends, in a rather less confident manner, to Japan and France.

Along the way the reader is given a painless introduction to such technicalities as interest-rate swaps and repurchase agreements, as well as some enjoyable snapshots of individual bankers.

Here is Michael von Clemm, of Credit Suisse First Boston: "The only difference between a good Eurobond issue and a bad Eurobond issue is that a good issue reaches the Belgian dentist in one week, and the bad issue, or the issue that ran into trouble because the market went sour, gets to the Belgian dentist in three months."

Or Joseph Perella, First Boston's takeover whizz: "If you get 'em greedy, the shareholders are going to be looking for a buck. But if you create the fear that the guy they've got their stock parked at may never pay them, you have an explosion in the emotional element of the deal. And on this matter, I would have to say we have no equal."

Michael von Clemm: "Good issue reaches the Belgian dentist in one week"

The unanswered question concerns how some of these firms will stand up when they are tested in the fire. U.S. investment banks are taking far greater financial risks today than their predecessors would have contemplated. So far, they have been largely successful: a prolonged period of heavy trading activity and rising security prices has helped to cover most shortcomings.

London merchant bankers, for their part, have traditionally been risk-averse and—with a few exceptions—have little experience of trading activities. They are plunging into the securities business in a big way. The chances are that some will get it wrong, and if bad judgments were to coincide with a bear market, the consequences could be explosive.

Cunning nuggets of superficial wisdom

BY JOHN MAKINSON

What they don't teach you at Harvard Business School
by Mark H. McCormack. William Collins. £7.95.

THE Harvard Business School need not worry. Very little of what Mr Mark McCormack preaches in this book seems worth learning. It draws on Mr McCormack's 20 years of experience as a sports entrepreneur to fill "the gap between a business school education and the street knowledge that comes from the day-to-day experience of running a business and managing people." The result is a book which strives to be both a serious business guide and a manual of the "You Too Can Be Rich" variety.

It accomplishes neither and drops through the gap of Mr McCormack's imagination.

The book is, nonetheless, a masterly exercise in auto-hagiography. There is no doubting the commercial success of Mr McCormack—or indeed of his book—but the reader will look in vain for evidence that Mr McCormack has ever slipped on a business banana skin.

The abiding impression is of a corporate automaton who, to judge by the chapter headings, manages not only to observe aggressively but somehow to listen aggressively as well. Mr McCormack must be an unsettling man to sit down to dinner with.

The development of International Management Group, Mr McCormack's organisation, has all the makings of a fascinating story. And there is no-one better equipped to talk about the growth of sports sponsorship and personal management than M.M. The book is at its most intriguing when the author describes incidents with golfers or television companies which have helped to shape his organisation.

But no sooner is the reader's appetite whetted than Mr McCormack is off drawing folksy and often incomprehensible conclusions.

On the subject of aggressive observation, for example, the author says: "When I meet someone face-to-face, what I am trying to establish is a comfort

Mark McCormack: "What I am trying to establish is a comfort zone"

zone—the 'picture frame' so to speak—or the boundaries I need to observe, based on what I see and hear, which will best enable me to deal with that person."

Perhaps Mr McCormack simply means he is attentive.

The book is larded with glib jargon (what on earth does "security quotient" mean?) and contrives to leave the impression that Mr McCormack views the personal life of a client or competitor as a rather intricate but decipherable balance sheet.

The book's structure—a series of short, easy-to-read chapters—only emphasises the superficiality of the whole. Mr McCormack *dispenses his* wisdom in cunningly packaged nuggets, never dwelling long enough on a single one to allow for the possibility that he might be only 99.8 per cent right. The subject of "emotion management," for example, is dispatched in a few short paragraphs.

One of Mr McCormack's most telling chapters is entitled Two Reasons I Wouldn't Buy From Me. He is apparently referring to products. But the title would apply equally well to ideas—or indeed books.

Caught half-German and dawdling

BY DUNCAN CAMPBELL-SMITH

The Rise of Merchant Banking
by Stanley Chapman. George Allen & Unwin, £15.

WHEN THE Accepting Houses Committee was formed in August 1914, no fewer than 12 of its 21 member banks were German by origin. Britain declared war on Germany the day before the committee had its first meeting, so there must have been plenty to discuss.

Dr Chapman has chosen this point at which to conclude an engrossing account of the City's merchant banking community, but only partly for the obvious reason that world war brought such dislocating changes.

He also thinks that the merchant banks, broadly speaking, were over the hill by 1914—or rather that by then they had already spent a decade or two resting on their laurels.

"It is difficult to resist the conclusion that the revered City establishment dawdled into the 20th century."

So world war caught them dawdling as well as half-German. The repair work was only just in place when the depression hit the City sideways again. In short, the next big story to come along for an historian of the merchant banks is their post-1945 growth and the Eurodollar revolution. And the background to these later events is already in place to an uncanny degree by 1914.

It is remarkable how many of the personalities stepping through the long mercantile background between 1800 and 1914 carry surnames still recognisable in the modern city. Dr Chapman traces the fortunes of a great number of famous families, from Kleinwort to Schroders and Rothschilds to Barings.

But this is not a work of hagiography—the author is positively snooty about amateur sleuths using the archives for inconsequential family homilies. And the development of the various banks is set firmly in the great financial issues of the last century, from the building of the North American railroads to the opening of the Far East.

The link between merchant banking and the North Country cotton trade is drawn in marvellous detail by Dr Chapman, who is an authority on the history of textiles. The collapse of the American Confederacy and Manchester's decline are key twists in the book's sub-plot which traces the rise of the Square Mile's hegemony both at home and abroad.

While no doubt an ideal Christmas present for bankers of a bookish turn of mind, this is a monograph of some scholarship, as its price suggests. This is put forward by the author as another reason for his stopping at 1914: not every archive has been moved to the Guildhall's helpful library and many of the more modern records are still restricted by the famed discretion of the bankers.

How many decades will we have to wait for the records of today's City revolution?

Jack-of-all-trades' manual

BY ALISON HOGAN

Practical Financial Management (2 vols.)
Gee & Co, London. £77.

FINANCIAL MANAGERS have years of specialised training in management accounting, auditing and financial planning, yet they find they have to be something of a jack of all trades in the day-to-day running of a company.

They will usually play a key role in the selection and installation of computers in a company. They are drawn into the business and need to be familiar with the jargon of marketing, purchasing and supply and export and import procedures.

Other directors and managers will often turn to them as a source of information on company and business law, on tax matters and on employment issues, including the provision of pensions and employees' benefits.

Business colleagues will not expect managers to be expert in all areas, but they will assume a certain familiarity with most. This manual, which is available on approval, helps fill the gap.

The manual is designed to give the financial manager a good grounding in a whole range of subjects, to enable him or her to ask the right questions of experts and to tell them where to go for further information.

More than 50 specialists have been brought together to contribute to the manual. It has nine sections which, with its loose leaf structure, can be regularly updated or expanded as necessary. The subjects are management accounting, finance, financial reporting, taxation, financial tables, employment, law, computers and managing a business.

The quality and usefulness of the chapters and information varies from author to author. Some of the most interesting articles are by practitioners such as John Chandler of Reed International, who gives a clear exposition of the rudiments of business planning, and Roger Mountford of Hambro Pacific, who discusses takeover bids and corporate strategy.

Practical Financial Management was launched last December and new chapters have already been added on computer applications in management accounting and foreign exchange exposure management. More will follow.

BOOKS—FOR THE BUSINESSMAN 2

Staying ahead in a ruthless race

BY TERRY DODSWORTH

High Output Management
by Andrew S. Grove. Souvenir Press, £8.95

MR ANDREW GROVE is one of an elite — the brilliant, buccaneering young scientists who turned the rich farmland of the San Francisco Bay area into the even richer factories of Silicon Valley.

His curriculum vitae reads like a fairy tale. He was born in Hungary, fled after the troubles of 1956, and three years after arriving in the U.S. graduated top of his class in chemical engineering at City College, New York. Then came a PhD at Berkeley, business, and a fortune.

Today, Mr Grove is president of Intel, the semiconductor manufacturing company he helped found 16 years ago before most people knew what a silicon chip was. In the last ten years, through the roller-coaster ups-ands-downs of this infant industry, Intel has grown from profits of $20m to $112m, breaking through the $1bn sales level last year. It has become such a force in its sector that IBM has taken a stake of just over 20 per cent.

This sort of dynamism has rarely been paralleled in industrial history. Yet Mr Grove's book tells us virtually nothing about the history of Intel's remarkable growth. He has chosen instead to write a completely different kind of book—a hands-on account of his management techniques. Indeed, the word technology, quite deliberately, is hardly mentioned.

There is nothing wrong with this objective. Indeed, many managers will undoubtedly find the book useful as a kind of tip sheet. As Mr Grove makes clear, he has not tried for the sweeping vision of an Alfred Sloan — the man who created a managerial structure at General Motors, which has withstood 30 years of hard slog.

He wanted, he says, "to reach the middle manager, the usually forgotten man or woman of any organisation, who is of immense importance to our society and economy."

Even in a highly technology-oriented company like Intel, the principal managerial role of these executives, the book implies, is the organisation of other people. To this end, Mr Grove develops three main points:

- That managerial work should be just as dedicated as the production line to the concept of maximising output.
- That a manager's output is defined by the team under his influence.
- And that the team results depend on everyone performing to maximum efficiency.

The emphasis on performance is so relentless that it might even cause a doubt or two at such a ruthlessly anti-bureaucratic company as Marks & Spencer. Mr Grove is full of tips on how to ensure that executives fill their time effectively, give priority to the most important things, and — above all — keep their subordinates on their toes.

The methods he advocates also explain some of the scepticism about the book displayed by Mr Grove's peers in the gossipy world of Californian high-tech. In these circles, he has a fearsome reputation as an executive who manages more by confrontation than by any identifiable system. Yet the two are not incompatible. Mr Grove's methods require constant supervision, a continuing drive to ginger up the men that a manager is required to manage.

All of this undoubtedly tells us something about how Intel has managed to stay ahead in the ruthless high technology race. Mr Grove's enormous will to succeed, his aim to squeeze the maximum possible out of everyone around him, shines through every page of the book.

Even so, it is hard not to feel some disappointment that the book does not take us deeper into such an unusual business environment. Companies like Intel need an extraordinary culture to survive. They combine an unusual mixture of entrepreneurial risk-taking and technological sparkle. And, just as important, they have to maintain both qualities to stay ahead. It is a hair-raising way for a business organisation to live, and 220 pages of Mr Grove will give you no hint of how it is done.

Computer kingdom founded on phreaks

BY NICHOLAS COLCHESTER

The Little Kingdom
By Michael Moritz. William Morrow, New York.

IN EARLY 1977, the founders of Apple Computer valued their garage-based business at just over $5,000. By new year's eve 1980, three weeks after Apple shares were first publicly traded, the company had a stock market value of $1.8bn. After only six years or so the company was going through a mid-life crisis which required the rapid installation of old-style, professional, "corporate America" management to get a grip on things.

This is the scale and the pace of the story that Michael Moritz tells in his book.

The work is no literary masterpiece. The author verbs his nouns and double-parks his adjectives in apparent pursuit of a creative writing award. The plot is maddeningly interspersed with flash-forwards in which the Apple management conduct planning and marketing sessions, trading decadent, Silicon Valley-speak non-sequiturs which are hard to make head or tail of.

But no matter. The underlying story is fascinating and recommended reading for any European who wants to understand the ethic that spawned the U.S. leap forward into the personal computer age.

The essential point is that the personal computer was not born by throwing government money, or corporate R and D funds, at researchers in exotic labs. It was produced in a relatively penniless conclave of Californian freaks—there is no other word for them—called the Homebrew Club. This brought together amateurs fascinated by the potential of micro-circuits that could be bought as rejects or otherwise begged from companies like Motorola and Intel, which made them for industrial computers and defence equipment.

Two Homebrew members were Stephen Wozniak and Steven Jobs. They set up their first underground business supplying fellow students with "blue boxes" which could fool the Bell telephone system into providing free long-distance calls. They were so-called "phone phreaks," who developed software skills by cracking the computer codes that ran the U.S. telephone system.

Steven Jobs, driving force behind Apple Computer

The prince of such phreaks was Captain Crunch, the alias for John Draper. He was jailed for his unremitting war on the Bell system. Yet the result was a software mind keen enough to design the word-processing programme for the IBM personal computer which emerged to challenge Apple's supremacy.

Wozniak was no businessman but an obsessive computer freak who relished the challenge of extracting more and more computing power from a single micro-chip. The most exciting moment in the book is when Wozniak has the brainwave that makes possible the Apple II, the company's key product to this day.

The driving force behind Apple is Jobs, an unattractive-sounding individual, but one who had the drive, the business acumen and the instinct for design that turned Wozniak's operating system into a cult product.

A book like The Little Kingdom distorts reality in one significant way. It is a success story in which the transformation of a garage enterprise into a billion-dollar business risks being accepted as inevitable.

The Apple story was, of course, selected with the wisdom of hindsight. Many gifted Homebrewers failed to sell their brews and did not become millionaires.

As we search for technology-led growth in Europe we would do well to remember that such growth cannot be ordained, or bought, or programmed. All we can do is give free rein to strange and imaginative young minds and hope that in one or two cases their obsessions will develop into Little Kingdoms.

Concise guide to the gilt markets

BY BARRY RILEY

Inside the Gilt-Edged Market
by Patrick Phillips. Woodhead-Faulkner, £17.50

IT IS somewhat surprising that there has never been a proper textbook on the technical analysis of gilt-edged securities. Perhaps the practitioners have been too busy to turn their attention to writing books. Perhaps there has scarcely been a worthwhile demand for such a work until the major expansion of the gilt-edged market over the past 10 years or so.

There are, of course, many American textbooks on bond portfolio analysis, but not all the theory holds good on both sides of the Atlantic. The gilt-edged market has many peculiar characteristics, including the way that dividends are accrued and paid, the existence of special types of paper such as partly paid or indexed stocks, and the pervasive influence of tax considerations which can make stock valuation a hazardous exercise for the theoretician.

Now Patrick Phillips, gilt-edged partner at the broking firm of De Zoete and Bevan, has produced a concise but comprehensive volume in which he briefly describes the history and structure of the gilt-edged market before plunging into the mathematics of price theory.

Here, he starts with relatively familiar concepts like redemption yields, but soon progresses to the fancier areas of three-dimensional modelling.

At this level, the book is aimed squarely at the professional investor, but the heaviest of the maths can be skipped by the more general investor, who can still find plenty of readable material on the various institutional players in the market, or the techniques of performance measurement.

The author is perhaps unlucky, however, that he has produced his book just as the market is moving into an era of major change. The Bank of England is now putting the finishing touches to its scheme for a radically different market structure, which will replace the traditional system of jobbers and brokers, together with the marketing of new issues through the Government Broker.

Although the book includes a chapter on financial futures, this is bound to be an area of rapid development and expansion, with the introduction of new contracts and the invention of many new trading strategies. This threatens to become a paradise for the mathematically inclined.

Theory can only provide part of the answer, however. Much of the pattern of prices in the market really can be explained only in terms of other influences such as politics. For instance, the relationship between long-dated and medium-dated stocks in the market has been greatly distorted by the decision of the Government to cease issuing longs. And the change in the tax regime applying to the building societies caused a minor upheaval towards the shorter end.

As a practitioner himself, Patrick Phillips will appreciate that the theory is not everything. But it is an excellent start.

BOOKS

Famous family

BY A. L. ROWSE

The House of Mitford
by Jonathan Guinness with Catherine Guinness. Hutchinson, £12.95. 604 pages

Coleridge, who knew the Germans well, said that there was a "nimiety, a too much-ness" about them. This applies equally well to the Mitfords, who have been too much seen and heard in our day. The Guinness authors of this book evidently mean it as a corrective to the unreliable picture presented to the public by the media, TV and the popular press. In that they have succeeded: this is a perfectly serious, rather too hefty, family history putting the family in the perspective of the transition from the security of the Victorian age to what Nancy Mitford described as "this terrible 20th century."

We are given full-length portraits of the remarkable grandfathers. Lord Redesdale emerges as a more attractive and interesting man than one might suppose from his sponsership of the egregious Houston Stewart Chamberlain, with his Teutonic mania and racialist nonsense about Aryan stock being top of mankind. Apparently, poor Unity Valkyrie Mitford owed her appalling bad names to Grandpa—and I have always thought a good deal else; notably the pro-German mania that ruined her.

An historian can appreciate the circumstances that led to the 19th century cult of Germany: the superiority of German scholarship, historical, classical, even theological, the splendid achievements of German science and technology, let alone the ascendancy of their music. On the other hand, much of German thought, both political and philosophical, was deplorable, its influence disastrous, most of all upon the Germans. Santayana said the last word about that, in his classic *Egotism and German Philosophy*.

However, the other grandfather, Thomas Gibson Bowles, was more sensible: the journalist creator of the periodical, Vanity Fair, with the "Spy" caricatures that give one an amusing idea of Victorian celebrities. These still hang about in clubs: the smoking-room at All Souls is decorated with these familiars. He also started The Lady, still going and owned by two of the family. Then entered that eccentric streak of Stanley fanaticism, that popped up again in three notorious grandchildren.

The authors do their best to keep a just balance about the eccentricities of these, on the whole succeeding pretty well and considering their close relationship, only a bit too favourable to the Mosleys, giving them more importance than history warrants. They perceive very well that Mosley made fatal mistakes of judgment. He should have "remained within the democratic system" (their phrase), instead of seeking to overthrow it: they tell us that he meant to dispense with Parliament. Even more important, collusion with Hitler, non-resistance to Nazi Germany, would have left it on top of Europe and Britain at its mercy as it very nearly did if it had not been for the U.S. and USSR. The authors rightly pinpoint Hitler as the man who wrecked Europe and initiated the Holocaust.

It is easy to see all the consequences from the vantage-point of hindsight, as they rightly do; but some of us appreciated the appalling threat beforehand. One could read it all from the history of modern Germany, let alone from a reading of *Mein Kampf* where the plan of action was laid out for all to see. Ominously, few did see.

From that point of view one should hardly take seriously the fixation of two moonstruck schoolgirls, only *twenty* or so, on Hitler and the Nazis: they were ignorant alike of history and politics, had no sense or judgment, and—like all the Mitfords—would not take telling, besides taking themselves too seriously. Here is Unity on the infamous Streicher, torturer of Jews: "the lovely Gauleiter"; Göring is just too "sweet." A film of Nazi triumphs was "pure heaven"; to do justice to the Czechs is "too loathsome for words." She could "kill Chamberlain" for at last standing up to the Nazis; she thought that the Soviet-Nazis Pact meant peace, when everybody of any sense could see that it cleared the way for the war that Hitler always intended. No judgment; no sense whatever.

Then why should such importance be given to the doings of those two silly girls? Hitler gave them their importance, and behaved politely to them — naturally, for they played his game. He would never have done so had they been two working-class girls; their only importance was that they were daughters of an English Lord and therefore useful stooges. We are given some horribly revealing photographs of those pretty young fools hobnobbing with the thugs—Julius Streicher handing Unity a flower, etc.

What emerges remarkably from this book is how much the most intelligent, by far, was Nancy Mitford, and how right she was on every issue that comes up—as against her three Silly Sisters; for Jessica too had her juvenile phase, embracing Communism. She has seen the error of her ways: it is disgusting to prolong juvenile infantilism into old age. As for Duchess Debo, the book concludes with the words, "she will never take up politics." It may be taken as the moral of the tale.

Nancy Mitford in 1947—a detail from the portrait by Mogens Tvede

Schlegel-Tieck Prize

Patricia Crampton has won the Schlegel-Tieck Prize for her translation of *Marbot*, by Wolfgang Hildesheimer, a biography of an imaginary figure who lived, we are meant to believe, in the 19th century; it is published here by Dent.

The prize, worth £2,000, named after the German translators of Shakespeare, is awarded annually for the best English translation of a 20th-century German work.

Georgian poet at war

BY RICHARD ADAMS

John Masefield's Letters from the Front 1915-1917
edited by Peter Vansittart. Constable, £12.50. 299 pages

John Masefield: Letters to Margaret Bridges 1915-1919
edited by Donald Stanford. Carcanet, £6.95. 122 pages

John Masefield: Selected Poems
edited by Donald Stanford. Carcanet, £7.95. 341 pages

John Masefield was a good man and a nice man, kind-hearted, admirable and (like Newbolt) highly literate. Though he was no place-seeker or sycophant, it tells against the Georgian establishment — the world of Asquith, Earl Haig, Bonar Law, Ramsay Mac, and Stanley Baldwin — that this harmless, biddable conformist, whose talent (as he himself admitted) was in truth modest, should have become an honoured public figure and eventually poet laureate.

These misnamed *Letters from the Front* (he never was at the Front) exemplify his best qualities and are worth selective reading for their style, realism and authenticity. Aged 36 in 1914, he characteristically volunteered for active service, but was rejected for health reasons. He could have had a soft job, but by early 1915 had got himself to France as a Red Cross orderly for the French. Like Macbeth, he supped full of horrors. He witnessed men suffering from appalling wounds and burns. "One can't describe such wounds," he wrote, "they have to be seen to be believed."

All the letters are to his wife, and it says much for their relationship that he was able to find relief and comfort in writing to her so unreservedly of what he endured. The horrors were not his only disillusion. By his nature, Masefield liked to idealise women. "One only sees the good things through women. Our hearts are 'stables for beasts' and women bear the Christ there." Yet this view he could not entirely sustain in the hospitals.

> "While I was looking, in came . . . the grande dame. She had two little baggages with her, and she was made up to look the youngest and most innocent of the three. She came up and talked to me of her writings, much as Victoria must have talked to Tennyson . . . I could see that the French Infirmières saw what she was."

In 1916 Masefield went to America as a propaganda lecturer, and then—still at the behest of the establishment—began journeying over the Somme battlefields in preparation for his books, *The Old Front Line* and *The Battle of the Somme*. His letters remain vivid and direct; yet even in the privacy they afforded he never expresses any of the misgivings and despair which increasingly grew upon Robert Graves, Siegfried Sassoon and Wilfred Owen.

Peter Vansittart's 42-page introduction gives a fully adequate account of Masefield's life and work. Yet this would have been a better book if the letters had been winnowed, edited and abridged. I can't imagine anyone wanting to read it from start to finish. It is, however, well-produced; a handsome volume, an honest job and the best book of the three.

In my view the 73 letters to Margaret Bridges (Robert Bridges's daughter, who in 1926 died of tuberculosis at the age of 36) hardly merit publication. Their content is trivial and dull and Masefield's occasional obiter dicta tend to be trite and rather obvious. The five and a half page Introduction says little, and I for one am irritated by Notes telling me that "Blighty" means "England," that Radnorshire (sic) is a county in central Wales and that the greenwood is traditionally the territory of Robin Hood. Donald Stanford and his English publishers might at least have done a bit of adaptation for us lesser fellows this side of the Atlantic.

Mr Stanford has also produced a selection of Masefield's poetry, but what really need reviving are his two delightful children's books, *The Midnight Folk* and *The Box of Delights*, which reveal among other things a wonderful sense of humour.

We are told that Masefield's mother died when he was five but on page nine Mr Stanford records that he was born in 1878 and that his mother died when he was seven in 1885. Apart from this lapse, Mr Stanford has done his best for this kindly, decent man, whose entire oeuvre, devoid of all real challenge or controversy, never included anything beyond the intellectual grasp of the Fifth form and the village concert audience. No dates are given for the poems, but since Masefield hardly ever wrote anything topical and his style never developed, this scarcely matters. (If anyone argues that Masefield became a poet despite humble origins, I direct him to Clare and Hardy.) Pleasant light verse was his forte, and we can sincerely thank him for "Sea Fever," "Cargoes," and a few more. I don't think I'm uncharitable. Dr Johnson was more dismissive of one who was, surely, a finer poet. "Sir, Gray was dull in company, dull in his closet, dull everywhere. He was dull in a new way, and that made many people think him GREAT." Those remarks apply better to Masefield.

Fiction

When violence erupts in the U.S.

BY GEOFFREY MOORE

Ironweed
by William Kennedy. Viking, £7.95, 227 pages

Lines and Shadows
by Joseph Wambaugh. Macdonald, £9.95, 353 pages

"The United States," said *Walter Mondale*, "is the most religious nation on earth." If we accept this statement at face-value and do not quibble about substituting "churchgoing" for "religious"—how, we might ask, would Mr Mondale explain why the United States is also, allegedly, the most violent nation on earth?

The two books under review illustrate different aspects of the now legendary American preoccupation with violence. The first is a novel by William Kennedy; the second an account by Joseph Wambaugh (he's the author of *The Choirboys*) of the activities of the San Diego Border Alien Robbery Force (BARF for short).

"This is a true story" says Wambaugh, dedicating *Lines and Shadows* to "those who lived it, on both sides of the line." On one level, the line refers to the border between the United States and Mexico; on another, the narrowness of the gap between hunters and hunted. The members of BARF are dedicated, not to stemming the uncontrollable tide of immigrants who daily swarm across the border, but to combating the bandits who rob and rape them. They smell worse than animals, and they roam a rocky no-man's land for all the world like Fuseli's vision of hell. In the fury of their anger the cops come to resemble the robbers—particularly Manny Lopez, with his battlecry of "Sabes que?" Manny is a Mexican-American version of the archetypal Gunslinger.

Despite the seriousness of the problem—perhaps because of it—the realism sometimes achieves surreal proportions; it's at times a bit like cartoon violence. Yet there are undoubted casualties, as much in the mind as in the body. Four years after the BARF experiment, its members are still suffering from fits of weeping and thoughts of self-destruction.

The anti-hero of *Ironweed*, on the other hand, is made of sterner stuff—too stern, perhaps. "Alleluja, I'm a bum," says the Depression song. But there's not much alleluja about Francis Phelan, although it is the Depression and he is a bum. The novel, set in Albany, New York, begins with Francis visiting the graveyard where his mother and father are buried and imagining the former making crosses from dandelions and the later stuffing his pipe with roots of grass. This piece of fantasy strikes a note which runs through the whole book. Apart from talking to the dead, Francis is full of memories of them: all too real presences haunt him, like the ghost of his son Gerald, allowed by Francis accidentally to slip out of his diaper and break his neck.

Then there is Strawberry Bill, buried in a pauper's grave; his father, Michael, knocked 50 ft by a train; and Harold Allen, of whom the author says chillingly that he was "the first man Francis ever killed." Francis's life is awash with violence, and yet he is fundamentally an innocent character. Like Manny Lopez in *Lines and Shadows*, he is archetypal. His constant companion is Rudy, who is dying of cancer; his girl-friend is the ample Helen, who was educated at Vassar. Life centres on the Methodist Chapel run by the Reverend Chester, for that is where soup and other staples are dispensed.

There is an intimacy and tenderness about the way in which the author deals with these fictional creatures of an era long before his own. They have entered into his bones; in a way they are *his* family. The reader begins to see, long before the last brutal attack on Albany's shanty-town by self-appointed vigilantes, that William Kennedy is indeed an artist and that the *fantasy* which at first seemed artificial is necessary to the handling of what would otherwise be sordid and unrelieved fact.

Taken singly, the novels of the Albany trilogy—*Legs*, *Billy Phelan's Greatest Game* (both available in Penguin) and now *Ironweed*—are comparatively slight. Taken together, they add up to a study in poetic realism which, old-fashioned though it may be compared with the technique of the Barths, the Brautigans and the Keseys, is as moving as anything to appear from the United States in the past few years. That there is violence in America is undeniable, but as long as there are Kennedys and Wambaughs to handle it, a safety-valve is established. It is the subtle checks and balances of American society which, in the end, will always confound the critics who see it merely in terms of crass alternatives.

In orbit of the Great Cham

BY GEORGE WATSON

James Boswell: The Later Years 1769-95
by Frank Brady. Heinemann, £20. 609 pages

The Moth and the Candle: A Life of James Boswell
by Iain Finlayson. Constable, £9.95. 273 pages

Samuel Johnson's bicentenary has by chance produced two lives of his biographer. Professor Brady of New York has massively continued F. A. Pottle's 1966 account of Boswell's early years, in a learned book that was first projected as a Pottle-Brady collaboration; and Mr Finlayson of Ayrshire, a fellow Scot moved by his proximity to Boswell's own landed estate in that shire, has independently given us a far shorter life of the whole man.

The task is challenging. Boswell is the best biographer in the language, in his *Life of Johnson* (1791); and his Journal, available only in this century, is the most consistently amusing diary of a scapegrace there is. And the two achievements are oddly contrasting. The triumph of his *Life of Johnson* is to offer truths continuously surprising and yet seldom moralised or explained, so that the man lives in the memory with all the puzzling and self-contradictory vividness of an eccentric friend; whereas the Journal is the moralised record of a sinner preyed on by drink, lust, veneral diseases and black depression.

Professor Brady has chosen the way of the Life: "moral judgment may be left to the reader." The trouble is that the reader already has enough of Boswell by reading the books he wrote himself. Nobody has ever made so much of being silly as he did, or left so little to be said about it by others.

What is more, Boswell was an unashamed tuft-hunter and an expert conversational pump—they are called interviewers nowadays—whether he was talking to General Paoli of Corsica, to Jean-Jacques Rousseau or to Johnson himself, and he knew how to take rather than give. Johnson's tragic loneliness enabled him to discover everything about him. But Johnson would have been astonished as well as horrified by the night-life described in Boswell's Journal, had he ever glimpsed at it.

Compared with all that excitement, the new lives look tame. Professor Brady takes us meticulously through Boswell's later years as a husband, father and Edinburgh lawyer, but in the prosiest of prose, as one doggedly resolved to leave nothing out. Mr Finlayson takes a livelier course, and his book is pleasantly illustrated with portraits of Boswell and his friends. Both stress his hypochondria. When Johnson saw a moth burn itself to extinction in a candle-flame, he remarked to his young companion: "That creature was its own tormentor, and I believe its name was Boswell." The remark gives Mr Finlayson his title, and it intriguingly suggests that Johnson could observe as well as be observed, and that he might even have turned the tables, had he lived, and written a life of Boswell.

A generation ago, people read Boswell's Life of Johnson and seldom looked at what Johnson wrote. Things are different now. Johnson is not a neglected author and some readers may even have to be reminded, by now, that there is a mine of information about him, beautifully indexed, in what Boswell daily reported of his talk. And to return to Boswell now is to be struck again by the paradox of their 20-year friendship. Boswell was a man of liberal sentiments, at times, even if the champion of Corsican liberty ended his days, six years after the French Revolution, by endorsing the intertwining supremacies of Church and State, and he had been touched in youth by the spirit of the European Enlightenment. He was also deeply silly, as Macaulay saw and I do not think Prof Brady's brief dismissal of Macaulay shows him to have been wrong.

Johnson was a Tory through and through, by contrast a man of fervently superstitious mind racked by hatreds petty as well as large, and tortured by irrational fears concerning this life and the next. He was also deeply intelligent. Mr Finlayson justly concludes his little book by remarking that Boswell never loved himself as much as he loved and was loved by others. That is his charm. But the story of his immortal friendship with a far greater man leaves the problem of human intelligence looking no easier and might even (in the wrong hands) serve to legitimise the irrational and give reaction a good name.

Service in India and after

BY K. NATWAR-SINGH

A Thread of Silk: Further Memoirs of a Varied Life
by Philip Mason. Michael Russell, £9.95. 207 pages

Philip Mason's life was broken in two in 1947 when India attained independence and a promising career in the Indian Civil Service came to an end. He began all over again and has since written nearly two dozen books, half of them as Philip Woodruff. Some of them are very good indeed. *The Men who Ruled India* and ... time.

A Thread of Silk deals with Mr Mason's second life which began after he left India. He spent five years at Chatham House studying race relations and writing about them. He travelled to various parts of the world and during this period several of his important books appeared. Not surprisingly he became an expert on race and was appointed Director of the Institute of Race Relations. His new job was at once challenging and interesting. It involved a lot of travel- ... the Commission on Nigeria. His trip to Mexico is described at some length.

In between he built up the institute and encouraged E. J. B. (Jim) Rose to undertake his celebrated Survey of Race Relations in Britain.

Soon after Mason's retirement from the institute, that body rejected the ideas on which it had been based, becoming a "Voice of Protest instead of the Voice of Reason." Mr Mason felt deeply wounded. "It was all very petty; you can look on it, if you like, as the warfare ... ceptionally readable book are deeply personal and introspective. The Masons were received into full communion with the Catholic Church in 1979 and now live contentedly in the country, on good terms with themselves, contemplating the human predicament and Cardinal Newman's exhortation:

> "Quarry the granite rock with razors, or moor the vessel with a thread of silk; then may you hope, with such keen and delicate instruments as human *knowledge* and *human reason*, to contend against ...

هكذا من الأصل

IT SEEMED AS GOOD A PLACE AS ANY TO START LOOKING FOR NORTH SEA OIL.

1965

A routine press conference in London, and an off-the-cuff remark by Shell UK's top geologist. Within minutes his comments are on every Editor's desk in Fleet Street, and by morning, being repeated the length and breadth of the country. While the sceptics scoff, the politicians pray. If what has been hinted at is indeed true, it will alter the economic and political fortunes of Britain for decades to come. Out in the North Sea, it is reported, Shell expects to strike oil.

1966

The financial markets of London buzz with anticipation following Shell's discreet announcement of 'a significant gas discovery' 32 miles off the coast of East Anglia. Within two years Shell and other companies are bringing North Sea gas ashore, and with it a dramatic revival for the British gas industry. Plans are made for completely converting the National Grid to natural gas.

1967

Armed with the latest seismic data, two geologists from Shell set up a small office in a tiny flat, over a bookshop, in the centre of Aberdeen. It seems as good a place as any from which to tackle their awesome task. They have been instructed to begin exploration of the vast and hostile waters of the northern parts of the North Sea.

1971

At the northernmost offshore well yet drilled in the world, a veil of secrecy descends over Shell's activities. Communications with the mainland are suddenly coded through 'scrambler' phones. Information is rushed to Shell's scientists for prompt analysis. Until, as abruptly as they began, the exploration team cease all activity, seal the well, and are clearly seen making off for entirely new locations. A simple manoeuvre to ensure that nobody will guess what they have found.

1972

Shell proudly announces the discovery of what will prove to be a giant oil and gas find for Britain, the Brent Field.

1974

The latest analysis of the Brent Field shows that the possible reserves of oil and natural gas liquids are double the original estimate. With Britain's oil deficit still around £3.8 billion, the news is welcome indeed.

1976

The very high ratio of gas and gas liquids to oil being produced at Brent leads to a daring new scheme. A pipeline 278 miles long is to be laid on the seabed, to bring ashore the gas and gas liquids for separation. It will be the longest, and deepest, offshore pipeline ever built and is yet another challenge for British industry. Much of the technology required for North Sea development must be capable of operating in waves of up to 100 feet high, and in gusts of wind up to 100 miles per hour. In this instance, underwater cameras, side-scan sonars and computer systems are needed that will operate 600 feet beneath the sea.

1978

The scheme is a success. Now it will be possible to bring the gas and gas liquids ashore for further use. The gas will be extracted and fed into the National Grid.

It would be possible to split the remainder into ethane, butane, propane and natural gasoline — important resources for industry. To do so, a highly advanced plant, costing many millions of pounds, will have to be specially built.

1980

Work begins on the £400 million Gas Liquids Plant being built by Shell at Mossmorran, and on the 138 mile pipeline that will feed it. Soon Mossmorran will be the largest construction site in Europe.

1982

Oil production from Brent approaches 310,000 barrels per day. This vast quantity helps transform Britain's oil deficit of yesteryear into a surplus of around £4.4 billion.

1984

A VIP gathering to witness the opening of the new Mossmorran plant. Distinguished speakers touch on one or two environmental aspects of the plant, such as how it has been built tucked into the contours of the land so as to be as unobtrusive as possible. Also mentioned are the industrial aspects, such as how the hydrocarbons being produced will ultimately be used in the manufacturing of a thousand and one household items, from lipsticks to records.

But above all, it is noted that the opening of Mossmorran marks the culmination of the twenty years in which Shell, and the countless number of smaller British companies that have worked for her, have invested thousands of millions of pounds and great skill and ingenuity in the North Sea.

With excitement, we all look forward to the next twenty years.

YOU CAN BE SURE OF SHELL

ARTS

All in the mind

There was a time when people kept telling me that Radio 4 seemed obsessed with hypochondriacs. The new trend is away from the body to the mind. John Searle's Reith Lectures (which I shan't return to here until they've earned their retrospective, unless something quite staggering happens) are concerned with the mechanics of the mind. New Radio 4 has begun a new series on Friday afternoons, beginning yesterday, called *The Mind in Focus.*

The first of five programmes promised well, even if there was something slightly condescending about the manner of Peter Evans, in the chair. Mr Evans solicited opinions from Edward de Bono (who didn't miss his chance to slip the words "lateral thinking" into his contribution) and two psychologists, Liam Hudson and Anthony Storr.

Opinions were what was wanted; there could be no firm answers to such flexible problems, for the subject was the nature and characteristics of creativity. Creators themselves were given a chance, but hadn't much to offer. Margaret Drabble opted for instinct as the basis of creativity, but went on to say how she used different coloured inks to write about different characters. Graham

RADIO

B. A. YOUNG

Greene (in a snip from a previous interview) told how he felt trapped between the lines of ruled foolscap and switched to A4 typing paper.

There was much more discussion on such things as style, motivation, intuitive judgment, information systems, the incubation of ideas, the decrease in creativity of artists with psychotic illnesses. I can listen to this sort of thing by the hour.

A more positively profitable approach to such problems, and less speculative, came in *The War of the Words,* 50 minutes on dyslexia, scheduled unexpectedly by Radio 4 late on Saturday evening. (It was repeated on Wednesday morning.) Like John Searle and Edward de Bono, Georgina Ferry spoke of such matters as "information processing." Her description and analysis of the different kinds of dyslexia were interesting and encouraging. It's good to be told what's wrong with you, even if you can't always get better. And as Miss Ferry said, the study of dyslexia help the wider study of the mechanics of reading.

If I had been in a more sceptical mood, I might have raised an eyebrow or two at some of the revelations in Gordon Honeycombe's stories of the Metropolitan Police's Black Museum (or rather, museums — there are four). There is, for instance, a tank of preservative in the Scotland Yard, *the*, Black Museum, in which are kept two severed arms — the German police's reply when asked to supply the fingerprints of a deceased suspect. And Professor Keith Simpson, the retired Home Office pathologist, still has the gallstones of Mrs Durand Deacon, whom Haig dissolved in a tank of sulphuric acid. The police exhibits are only wax copies.

Needing to find something funny, I turned to a new comedy series, starring two chaps with a feature in the Radio Times. I switched on *Radio 4 as I got my* Monday's lunch out of the fridge. "Ah, Charles, so there you are," I heard. "Morning, George." "Lovely day, isn't it." "Lovely." "Thought you were going to miss it for once." As an editor once said to me when questioned about a pointless cartoon joke. "It's what's called recognition humour." I recognised it at once as something I didn't want another minute of, though in fact it was more than five minutes before I turned it off, for ever. *Anything Legal,* it was called. I can't blame Donald Hewlett (Charles) and Michael Knowles (George) *for their script,* and it would be kinder of me not to name the scriptwriter.

There's a different kind of humour in Radio 3's Sunday evening *New Premises,* though less than the Radio Times ("a blend of talks, parodies, new writing, interviews and documentaries") would have you believe. It's an engaging programme about phenomena in the arts world that are, as we used to say, off beat. This week, the British Art Show in Birmingham, where artists are beginning to paint figures again; an interview with a Chinese-American architect whose name I can't spell more confidently than Yo Ming Pei, about his new tower-block for the Chinese Bank in Hong Kong and his glass pyramid in the Louvre; the relationships *between authors and* publishers. "Too many damned amateurs in the novel-writing business," one agent said. The programme didn't seem to me as sceptical as the Radio Times said it was, in fact it didn't seem sceptical at all, but very interesting, and well presented by Stephen Games.

Melbourne leads its arts

BY ANTONY THORNCROFT

A new arts centre is like an intricately carved picture frame, a fine setting but one that only springs to life with the quality of the centrepiece, the performances on the stage or in the *concert hall.* That at least is the accepted wisdom, but one that is increasingly challenged as new arts centres—the Pompidou in Paris, the Barbican in London—become objects of *critical* attention. The play or the symphony loses its dominance: the occasion is the visit to the auditorium.

In this light the Victorian Arts Centre at Melbourne, which has just opened, is a work of art. In the Australian perspective it is the southern city re-asserting itself against Sydney and its opera house, proving for all its quieter ways that it can make artistic waves.

On a global view it is one of the most successful enterprises of its kind in recent years, opening the eyes of a British visitor to the inadequacies of London's newer arts complexes. The site offers little: it has *historical* tradition in being the Melbourne home of the circus since the 1870s and, in an earlier existence, a spot for aboriginal corroborees, but it is in a hollow on the down-town side of the little regarded Yarra River. In an ingenuous attempt to aggrandise the building architect Sir Roy Grounds designed a copper spire. Although over 350 ft high it completely fails to dominate Melbourne, perhaps because it tops a theatre in which all three stages are sited underground.

But then theatres that make an impression—the National in London, for example—often make an uncomfortable impression. The Victorian arts centre, bounded on one side by the National Gallery of Victoria and on the other by the Melbourne concert hall (which opened two years ago), completes a trio of tributes to communal pride which are the more impressive for their eclectic humanity: no brutalist challenge here.

This bias towards welcoming audiences, and comforting rather than challenging them, was on display at the opening. On the approach to the arts centre a dance band was playing and anyone in the mood could waltz or foxtrot—no overtly populist pop or élitist chamber music here. But the greatest pleasure of the building awaits inside: the hero of the arts centre is the designer John Truscott, who has created a banquet of luxury, comfort and, most vitally, artistic delight, at a cost of £3m on furnishings alone.

A central plaza, which gives access to every part of the building, has black glass walls and ceiling making it seem measureless. Thick red carpets cover the floor and the walls are masked by important paintings from contemporary Australian artists. Sir Sidney Nolan, for example, has given the second part of *Paradise Garden,* 54 frames, depicting Australian plant life (a work insured for around £1m). The confidence, flamboyance, pride which has gone into the centre, not least in the *2,000-seat State Theatre,* modern baroque enlivened with raspberry reds and a ceiling decorated with 75,000 tiny brass buttons, cannot fail to persuade audiences that they will enjoy an experience.

How dull the interiors of modern British theatres and concert halls are in comparison, and how wise to bring the best contemporary art out of galleries and into contact with people. Vast crowds are already visiting the centre by day: at night they have been offered for starters *The Sleeping Beauty* in the main auditorium, and modern plays in the 880-seat Playhouse, which will be the main home of the Melbourne Theatre Company, and in the experimental Studio.

The Sleeping Beauty, danced by the Australian Ballet in its new home, is the first major production from Maina Gielgud, the artistic director of the company and, not surprisingly given the glittering first night occasion, she played safe, distracting the eye with lavish costumes and fairyland sets by Hugh Colman, and keeping in the main to the original choreography of Marius Petipa.

Nothing goes seriously wrong and the lack of any great vivacity could be put down to first night caution. David Ashmote is obviously bringing dependability to his new company and he was well matched by Christine Walsh as Princess Aurora.

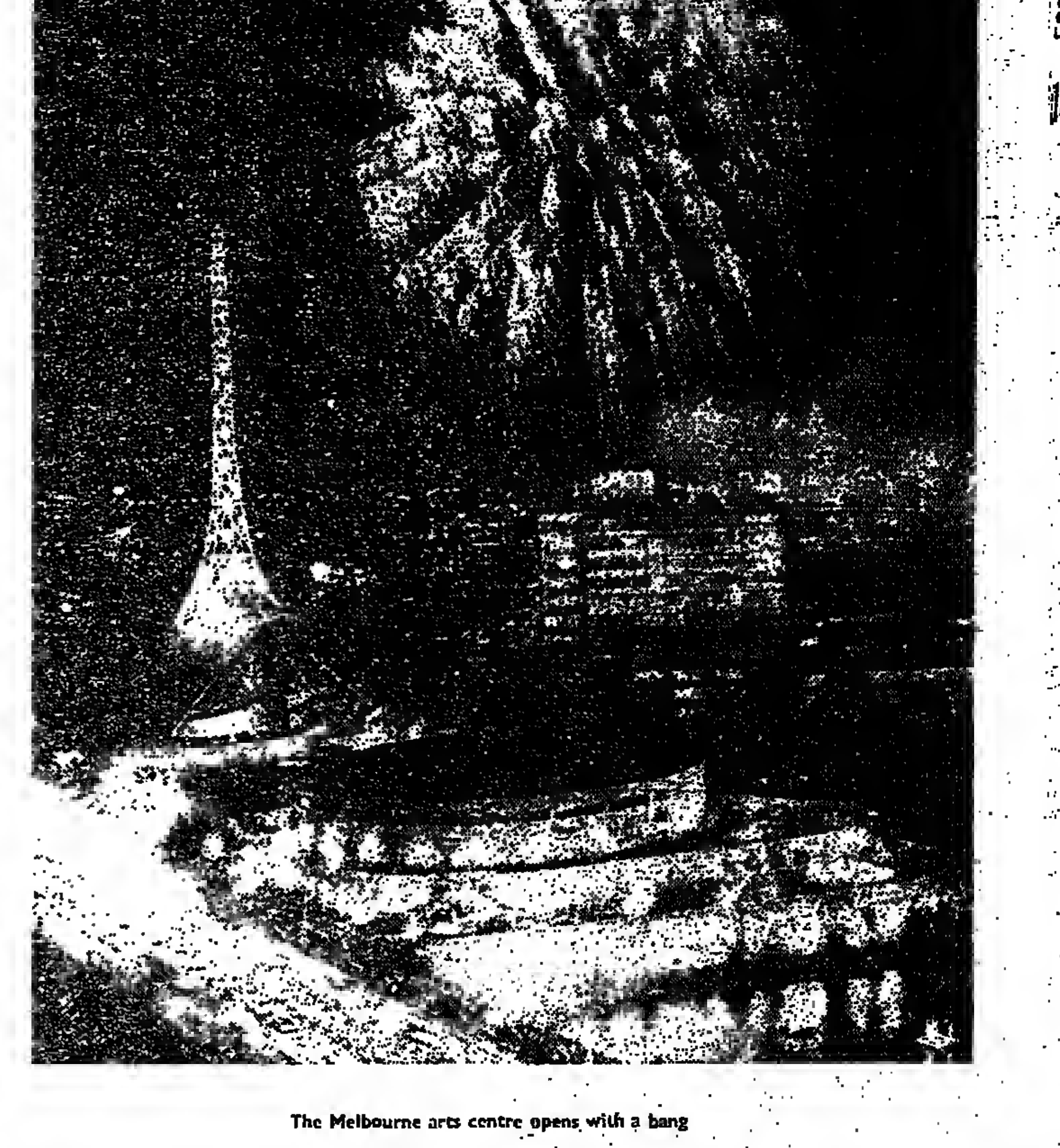
The spectacle on stage was matched by the opening ceremony which followed the ballet. The two principals walked to the rear of the deserted stage, the scenery lifted as they continued into a back area equal apparently, to a space for eight suburban houses. Then the audiences from the other two auditoria poured on to the State Theatre stage led by a troupe of clowns. Speeches followed, with many a barb at Sydney, while gold dust fell from the heavens and the arts fulfilled at least one of its purposes, as a modern state religion.

Such extravaganza was quite missing on a visit to the Playhouse a few nights later to see a new play by Ron Elisha for the Melbourne Theatre Company, *Pax Americana.* Although dressed up in philosophical *flamery as "what is truth in history"* this was nothing more than a crude hatchet job on the Kennedys, the kind of thing that a progressive university drama group might have entered for a students theatre festival in the late 1960s.

Mr Elisha is very keen on this work and has fought against any culling of a text which provided two acts of 105 *minutes* each. Actually the longevity was redeemed in part by my frequent attacks of apoplexy as the author's paranoias let rip. An incidental argument that anyone who was nice to waiters was somehow a fascist made more sense when Jesus was added to a list of fascists—yet Elisha has no great sense of humour.

The set, a subsiding Capitol in Washington, was effective and the company, covering such predictable parts as Marilyn Monroe, *de rigueur* for any play about the 1960s, Lennie Bruce, Senator McCarthy, Castro, Lee Oswald, etc, were manful, especially John O'May as Kennedy and Chris Connelley as his assassin. But even apart from its doubtful polemic *Pax Americana* battles for a place among the prize turkeys by committing two cardinal sins—having a narrator to tell the audience what is happening, thus relieving the writer of the task of actually creating dramatic scenes, and having a half-hearted sub-plot of an investigative writer occasionally appearing as a contemporary observer to provide "modern" relevance.

The Playhouse, which incidentally is not the most comfortable of new theatres, will soon stage more worthy works—its Christmas production is Ken Hill's *The curse of the werewolf.* The State theatre plans Victoria State Opera productions of *The Magic Flute* and *The Trojans* and, early next year, welcomes *Nicholas Nickleby.* The opera company is on the crest of a wave at the moment, with a record box office and a spectacular *Don Carlos* behind it, while the Australian Opera will present next year Joan Sutherland in *Tales of Hoffmann* as a highlight.



The Melbourne arts centre opens with a bang

There are remarkably few doubts about the financial well being of the Melbourne arts centre. It might have taken 42 years from first mooting to completion; the cost A$225m (around £150m), was revised upwards many times; there were construction problems which separated the concert hall from the theatres—but there were few political problems, no grinding debt and there is the encouraging example of the concert hall as an omen.

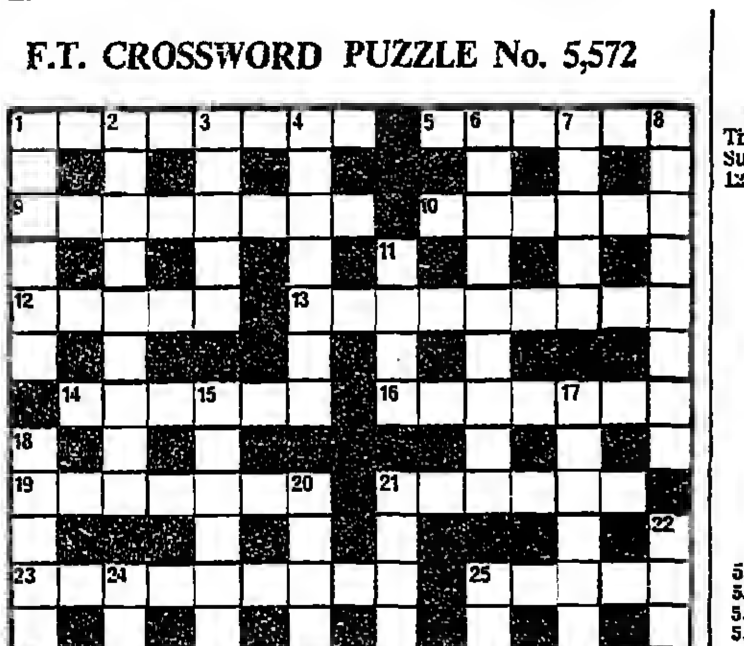
In its two years the concert hall, as beautiful as the theatre, its concrete walls painted to convey the colours of the Australian outback, has attracted over 1m customers, with an average capacity of 89 per cent. The theatres are looking for at least 80 per cent capacity. Remarkably the subsidy, from the state of Victoria, is only A$3.7m a year (£2m), around 20 per cent of the running cost. The rest of the revenue comes from box office, catering, car parking, and rentals, even though these are fixed quite modestly—you can hire the State theatre for A$35,000 a week.

In the concert hall the arts centre acts as promoter for around a third of the performances; in the State theatre it will be less, although it is co-producing *Nickleby* and bringing back *The Pirates of Penzance* to the concert hall. In the UK there is a feeling that the era of the grand arts complex, long on the purse and a long time coming, is over. But that is because recent examples have rarely met expectations.

In Australia, a more hopeful and idealistic country, it seems quite right that Melbourne should have decked itself out with buildings which have modern but harmonious exteriors and all the conveniences of the age inside.

And standing on the terrace by the art deco Treble Clef restaurant, overlooking the Yarra, a murky but free-flowing river, towards the Edwardian confidence of the main station, still among the busiest in the world with the modern city behind, Melbourne itself looks more exciting than its reserved reputation suggests. It is, after all, the place to live while Sydney is a place to visit.

F.T. CROSSWORD PUZZLE No. 5,572



A prize of £10 will be given to each of the senders of the first five correct solutions opened. Solutions must be received by next Thursday, marked Crossword in the top left-hand corner of the envelope, and addressed to the Financial Times, 10 Cannon Street, London EC4P 4BY. Winners and solutions will be given next Saturday.

Name ....

Address ....

....

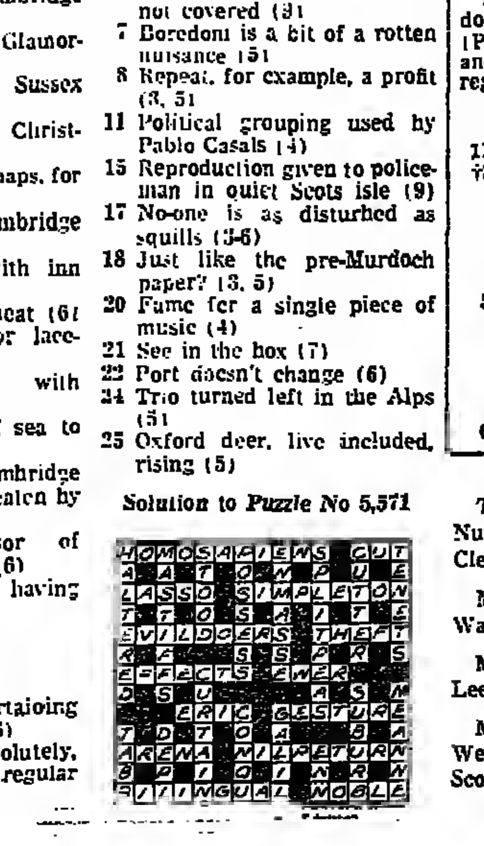
ACROSS

1 Oxford county town (8)
5 Oxford and Cambridge tennis club? (6)
9 Oxford and East Glamorgan's trouble? (8)
10 Cambridge Poet at Sussex (6)
12 Opener of Portal at Christchurch (5)
13 Receiving a bob, perhaps, for single tin (9)
14, 16 Oxford and Cambridge least (6, 7)
19 Oxford president with inn (7)
21 Oxford bundle on meat (6)
23 Bird as reprisal for lacework? (3, 3, 3)
25 Cambridge family with strings attached (5)
26 Oxford rendering of sea to the North (6)
27 Oxford and Cambridge master and brother eaten by dog (8)
28 Cambridge precursor of Lloyd and Gummer (6)
29 Raised a fool, having scattered seeds (8)

DOWN

1 Like a saint entertaining compiler, it's plain (6)
2 Tories defeated absolutely, as in Gilbert's "—— regular royal queen" (5-4)
4 People who tie knots for pot smokers? (7)
6 One under sun possibly is not covered (9)
7 Boredom is a bit of a rotten nuisance (5)
8 Repeat, for example, a profit (3, 5)
11 Political grouping used by Pablo Casals (4)
15 Reproduction given to policeman in quiet Scots isle (9)
17 No-one is as disturbed as squills (3-6)
18 Just like the pre-Murdoch paper? (3, 5)
20 Fame for a single piece of music (4)
21 See in the box (7)
22 Port doesn't change (6)
24 Trio turned left in the Alps (5)
25 Oxford deer, live included, rising (5)

Solution to *Puzzle No 5,571*



BBC 1

† Indicates programme in black and white

8.30 am The Perishers. 8.35 The Littlest Hobo. 9.00 Saturday Superstore. 12.12 pm Weather.
12.15 Grandstand, including 12.30 News Summary; Football Focus with Bob Wilson; Racing from Ascot at 1.00, 1.30 and 2.05; Swimming: Commentary from Leeds on The Lucozade Club Team Championship; Boxing: Commentary from the Granby Halls, Leicester where Chris Pyatt fights Brian Anderson; Rallysprint: Reports from Donnington; Rugby League: Preview of the season, action from the Yorkshire and Lancashire Cup Finals and at 4.00 Hull Kingston Rovers v Leigh; Final Score at 4.40.
5.05 pm News.
5.15 Regional variations.
5.20 The Tripods.
5.45 The Noel Edmonds Late Late Breakfast Show.
6.40 Bob's Full House.
7.10 Juliet Bravo.
8.00 Hi-De-Hi!
8.30 Dynasty.
9.20 Wogan, with Sir Robin Day, Glenda Jackson and Lenny Henry.
10.10 News and Sport.
10.25 Match of the Day.
11.15 "You'll Like My Mother," starring Patty Duke.

REGIONAL VARIATIONS:

Wales — 5.15-5.20 pm Sports News Wales.

Scotland — 5.15-5.20 pm Scoreboard. 10.25-11.15 Sportscene.

Northern Ireland — 12.15-5.05 pm Grandstand as BBC-1 except: 2.30-4.00 Rugby Union: Munster v Australia from Thomond Park, Limerick. 4.55-5.05 Northern Ireland Results. 5.15-5.20 Northern Ireland News. 12.45-12.50 am Northern Ireland News Headlines.

England — 5.15-5.20 pm London — Sport; South West (Plymouth) — Spotlight Sport and News; all other English regions — Sport/Regional News.

BBC 2

11.00 am Open University.
†3.15 pm Saturday Cinema 1: "Dinner at Eight," starring Jean Harlow, Marie Dressler, John Barrymore, Wallace Beery and Lionel Barrymore.
5.00 Saturday Cinema 2: "Lola Montes," starring Martine Carol, Peter Ustinov, Anton Walbrook, Oskar Werner (French film with English subtitles).
6.50 A Vous La France!
7.15 News and Sport.
7.30 Sounds Magnificent. André Previn and the Royal Philharmonic Orchestra continue tracing "The Story of the Symphony," with music by Shostakovich.
9.00 Rugby Special. The Schweppes Scottish Leagues: Division 1, Kelso v Hawick.
9.50 The Italian Film: "Those Eyes, That Mouth." (An Italian film with English subtitles, first showing on British television.)
11.25 News on Two.
†11.30-12.00 The Twilight Zone.

LONDON

6.00 am TV-am Breakfast Programme. 9.25 Cartoon Time. 9.30 Fraggle Rock. 10.00 The Saturday Starship. 11.20 Mister T. 11.45 Catweazle.
12.15 pm World of Sport introduced by Dickie Davies; 12.20 Boxing from Madison Square Garden, New York, 12.45 News, 12.50 On the Ball; 1.15 Racing — The Breeders' Cup Series—from Hollywood Park, Los Angeles; 1.25 The ITV Six from Newcastle and Warwick (introduced by Brough Scott and John Oaksey); 3.00 Figure Skating — The Tuborg British Ice Dance Championship from Nottingham; 3.45 Half Time Soccer Round-up; 4.00 Wrestling; 4.45 Results.
5.00 News
5.05 Candid Camera
5.35 Blockbusters
6.05 The A-Team
7.00 Cannon and Ball
7.45 Punchlines
8.15 3-2-1
9.15 The Gentle Touch
10.15 News
10.30 Saturday Nightmare: "Venom" starring Klaus Kinski, Oliver Reed, Nicol Williamson and Sarah Miles
12.10 am London News Headlines followed by Bellamy
1.00 Night Thoughts with Rabbi Julia Neuberger

CHANNEL 4

1.05 pm Making The Most Of ...
1.30 Chips' Comic.
†2.00 "Secrets" starring Mary Pickford and Leslie Howard with C. Aubrey Smith.
†3.30 "Tobacco Road" with Charley Grapewin, Elizabeth Patterson and Gene Tierney.
5.05 Brookside.
†6.00 Danger Man.
6.30 Rock-n-America.
7.00 News Summary followed by Seven Days.
7.30 Putting up the Pickles.
8.00 The Sonnets of William Shakespeare.
8.15 Black and Brass.
9.15 Ladybirds: Elaine Page.
10.00 Hill Street Blues.
11.00 Pushing up Daisies.
†11.30 "The Kennel Murder Case" starring William Powell with Mary Astor.

S4C WALES

1.00 pm What the Papers Say. 1.45 A Week in Politics. 2.30 African Frontiers. 4.00 The Blood of the British. 4.30 The British at War. 6.30 The Avengers. 7.00 Superted. 7.30 Newyddion. 7.45 Sion a Sian. 8.15 Cwyl Gelco Dant 1984. 9.15 Y Maes Cawatsi. 10.05 Cadan. 11.05 Feature Film: "Hush, Hush, Sweet Charlotte," starring Bette Davis.

REGIONS

IBA Regions as London except at the following times.

ANGLIA

9.25 am The Smurfs. 12.10 am At the End of the Day.

BORDER

9.35 am Mister T. 11.20 London Calling.

CENTRAL

9.25 am Daffy Duck. 9.35 Mister T. 11.20 London Calling. Hosted by Steve Blacknell 12.10 am The Bandungers.

CHANNEL

9.35 am Mister T. 11.20 Puffin's Space. 11.20 Space 1999. 12.14 pm Channel Islands Weather Summary. 5.00 Puffin's Pla(i)ce. 5.10 The Smurfs. 5.35 Candid Camera.

GRAMPIAN

9.35 am Mister T. 11.20 QED. 12.10 am Reflections.

GRANADA

9.35 am Mister T. 11.20 Chips. 12.10 am Hawaii Five-O. 1.00 Rock of of the Seventies (Genesis).

HTV

9.25 am The Wonderful Stories of Professor Kitzel. 9.35 Mister T. 11.20 Galactica '80. 12.13 pm HTV News. 12.10 am Rock of the Seventies—Van Der Graaf Generator.

HTV Wales—As HTV West except: 12.10-12.55 am Cup Rugby—Highlights from one of the first round matches of the Schweppes Cup: commentator is Bob Symonds, match analysis by Gareth Davies.

SCOTTISH

9.35 am Wattoo Wattoo. 11.45 Happy Days. 12.10 pm Late Call.

TSW

9.25 am Cartoon Time. 9.57 Gus Honeybun's Birthdays. 11.20 Freeze Frame. 12.12 pm TSW Regional News. 5.05 Newsport. 5.10 The Smurfs. 5.35 Candid Camera. 12.10 am The Moviemakers. 12.40 Postscript.

TVS

9.25 am Foghorn Leghorn. 11.45 Jabberjaws. 12.12 pm TVS Weather. 12.15 am Company.

TYNE TEES

9.25 am Morning Glory. 9.55 Young Lookaround. 11.50 Batman. 12.13 pm North East News. 5.05 North East News. 5.10 Candid Camera. 12.10 am Harvest Jazz: Flora Purim with Airto. 12.40 Flowers of the Forest: The Yorkshire and Lancashire Roses with Pauline Mann.

ULSTER

11.50 am Wild, Wild, World of Animals. 12.43 pm Lunchtime News. 4.55 Sports Results. 5.03 Ulster News. 10.27 Ulster News. 12.05 am News at Bedtime.

YORKSHIRE

9.25 am Regional Weather Forecast followed by Cartoon Time. 9.35 Mister T. 11.20 Battlestar Galactica. 12.10 am Teachers Only.

BBC RADIO 1

S—also VHF Stereo

6.00 am Peter Powell. 10.00 Dave Lee Travis. 1.00 pm Lenny Henry (S). 2.00 Paul Gambaccini (S) 4.00 Saturday Live (S). 6.30 In Concert (S). 7.30 Ian Brass. 9.30-12.00 am Dixie Peach.

BBC RADIO 2

8.05 am David Jacobs (S). 10.00 ... League: The John Player Special Trophy; Rugby Union: Reports from Limerick on the match between Australia and Munster; Racing from Ascot at 2.5; Football: Commentary from 3.55 pm on the second-half of one of today's top matches in the FA Cup first round; Cricket: News from India of the England tourists; 5.45 Racing Results; 5.50 Pools news and football results. 6.00 Folk on 2 with Jim Lloyd 7.00 Jazz Score. 7.30 International Garden Festival Gala Concert (S). A special gala concert recorded at the Philharmonic Hall, Liverpool, to celebrate the International Garden Festival and the finish of the Tall Ships Race (8.10-8.30 Interval). 8.30 Big Band Special (S). 10.02 Sports Desk. 10.05 Ken Bruce with a selection of music for late-night listening (S). 12.15 am Night Owls with Dave Gelly (S). 1.00 Hilary Osborn presents Nightride (S). 3.00-4.00 Wally Whyton with Country Concert (S).

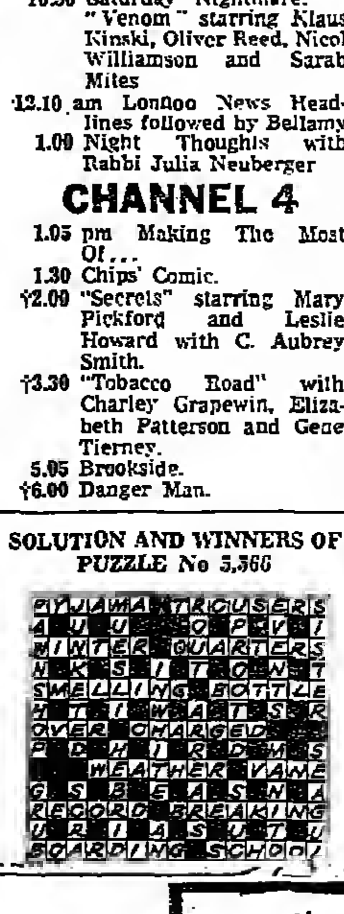
BBC RADIO 3

7.00 am News. 7.05 Aubade (S). 9.00 News. 9.05 Record Review (S). 10.15 Stereo Release (S). 11.10 BBC Philharmonic Orchestra in Germany, part 1: Roger Smalley, Brahms (S). 12.15 pm Interval Reading. 12.20 Part 2: Sibelius. 1.00 News. 1.05 Moscheles and Ries. Chamber music (S). 2.00 Verdi's Operas, "Il corsaro" sung in Italian on records, conducted by Gardelli, with José Carreras as Corrado. Acts 1 and 2 (S). 2.55 Julian Budden considers the opera. 3.00 Act 3. 3.30 James Walker piano recital (S). 4.00 Equale Brass (S). 5.00 Jazz Record Requests (S). 5.45 Critics' Forum. 6.35 Franz Schmidt: String Quartet No. 1 (S). 7.20 Scottish Season: If the Sun Goes Down, Prof Derick Thomson considers the state of the Gaelic language and culture of Scotland. 8.05 English Chamber Orchestra, part 1: Ravel, Berlioz (S). (8.55 Interval Reading). 9.00 Part 2: Canteloube, Schubert. 9.40 Schoenberg Wind Quintet Op. 26 (S). 10.15 BBC Northern Singers (S). 11.00 Haydn (S). 11.57 News. 12.00-12.15 am Scottish Season: Border Ballads (S).

BBC RADIO 4

7.00 am News. 7.10 Today's Papers. 7.15 On Your Farm. 7.45 In Perspective. 7.50 Down to Earth. 7.55 Weather, Travel. 8.00 News. 8.10 Today's Papers. 8.15 Sport on 4. 8.46 Yesterday in Parliament 8.57 Weather, Travel. 9.00 News 9.05 Checkpoint. 9.30 Profile. Ivor Cutler, humourist, poet and songwriter, talks to *Ted Harrison* about his eccentric life and career. 9.50 News-Stand. 10.05 The Week in Westminster. 10.30 Pick of the Week (S). 11.30 From Our Own Correspondent. 12.00 News. Money Box. 12.27 pm The News Quiz. 12.55 Weather. 1.00 News. 1.10 Any Questions? from Seaford. 1.55 *Shipping Forecast* 2.00 *News.* The Afternoon Play (S). 3.00 News. The Burkiss Way 3.30 The Countryside in Autumn. 4.15 The Chip Shop. A weekly look at new technology and its impact, with Barry Norman (S). 4.45 The Music of Life. 5.00 Wildlife. 5.25 Week Ending (S) 5.50 Shipping Forecast. 5.55 Weather, Travel. 6.00 News. Sports Round-up 6.25 Desert Island Discs (S) 7.05 Stop the Week with Robert Robinson (S). 7.45 Baker's Dozen (S) 8.30 Saturday-Night Theatre (S). 9.58 Weather. 10.00 News. 10.15 The Town That Broke The Bank. John Roberts reports from Mount Ayr, Iowa, on what happens when a small town bank goes bust 11.00 Evening Service (S). 11.15 The Faithmakers 11.30 Son of Cliche (S). 12.00-12.15 am News.

SOLUTION AND WINNERS OF PUZZLE No 5,566



T. H. Tomes, 6 Kent Close, Nunthorpe, Middlesbrough, Cleveland.

Miss A. M. Dingle, 88 Linden Way, London N14.

Mr J. R. MacMahon, 5 Lower Leeson Street, Dublin 2.

Mrs L. I. Scott, Eskdaill, 2 Weensland Road, Hawick Rox, Scotland.

CHESS SOLUTIONS

Solution to Position No. 542

(1) advance the pawn to R7; then White's king cannot go to the third rank due to a rook check, nor to KB2 because of K-KR8, RxP, R-R7 ch and RxR. (2) advance the KBP to KB6 when White has to make one of the losing moves.

Solution to Problem No. 542

1 K-R7! If —...Q-B7 ch (or QxR): 2 Q-QB5, or if N-B2: 2 P-K7 or if Q-B2 ch: 2 RxQ. Not

هكذا صنع الأجيال

LEISURE

Through a glass darkly

ARCHAEOLOGY
GERALD CADOGAN

HOW DID the ancients invent glass, glazes and glossiness? Was the technology discovered independently in different places, or did it spread from just a few places in the Near East? How did the first glazers find the formulae, and learn the recipes for different colours?

These have been among the themes of a recent conference on early vitreous materials held by the British Museum Research Laboratory. The answers may tell us much of the development of early cultures, and their relations with other cultures, and how inventive or receptive they were. The adoption of a new technology from abroad or the imitation of a foreign shape—perhaps in a different medium—may tell us far more about the attitudes of a culture than the finding of several imports.

The general outline of the early history of glazing and glass is fairly sure. Glazing is known back to before 4000 BC in Mesopotamia (Iraq), and at least to the 4th millenium in Egypt, probably as a separate invention. By the time of the 3rd Dynasty (2686-2613 BC) the great Step Pyramid had underground passages lined with bright blue glazed tiles to imitate hanging mats.

At about the same time glazed objects appeared in Minnan Crete—some beads and a bowl. Were these local, or imports from Egypt or elsewhere? We do not know. The beads are bad evidence for local manufacture, being very few, and could easily have been acquired in a foreign port or have been a gift to natives. The bowl would be better, but it is disintegrated.

The second millennium until around 1200 BC was the heyday of glazing, with multi-coloured tiles, inlays and vases being added to the repertoire of blue-glazed figurines, beads and vases. It was a heady time of invention, with shiny bowls, trinkets and even 40,000 beads to make a dress spreading glamour and international style around the East Mediterranean.

Before 1500 BC glass appeared in Mesopotamia, marking an exciting improvement on the glazed pieces, since the whole silicate mass became molten in manufacture. Sand-core moulds were dipped into the hot mass and then yellow and white threads of glass drawn across the blue ground, to make miniature bottles shaped like amphorae or pomegranates that probably held scented oil.

The general collapse of order in the East Mediterranean around 1200 BC did not help the industries, which were producing luxuries for prosperous patrons. But they revived after a few centuries and flourished until Hellenistic and Roman times.

It is not always easy for the archaeologist to translate problems, such as the provenance of a material and the trade that may be implied, so that they will make sense to a scientist — or vice versa. If one does try, the gain in understanding is enormous. The surge of archaeological science over the last 20 years leaves one with a deep respect for the inventiveness of ancient man.

The first need is definition, and agreement on it. Most present did agree, for instance, that most of the early glazed objects—the beads, figurines and small vases—are to be called *faience*.

The name comes from Faenza in Italy, in the 16th century (AD) a centre for maiolica (earthenware with a lead glaze to which tin oxide was, and is added to produce an opaque white finish which is a ground for coloured designs. Ancient *faience* is not maiolica since, instead of clay, it has a body of powdered quartz (sand) combined with an alkali such as plant ash—which is what alkali means in its original Arabic — or, in Egypt, natron. Natron is a natural soda compound named after the Wadi Natrun north west of Cairo.

Firing to around 900 degrees centigrade led to the forming of a surface glaze which is clearly different from the body of the material. By adding copper oxide to the mixture, or on the surface, it would turn shiny blue. Blue *faience* is still made in the Middle East for beads and bowls, especially in Iran.

There were often two firings for *faience* and for *Egyptian* blue, a modern name for a related copper compound which is blue throughout. Between firings the materials were ground up and only then modelled by hand or pressed into moulds. One cannot throw them, or glass, on a wheel. Egyptian blue, if fired once, is just a lump of bright blue pigment, which could be abraded to make colour for, say, wall paintings.

The black designs on *faience* were made with magnesium or iron based paint. The liveliest are found in Egypt, derived from the waters of the Nile. There are bowls with fish swimming among lotus flowers, and hippopatamus figurines with plants on their backs — perhaps to show the animal just below the weeds. Other colours needed other minerals. Lead made yellow.

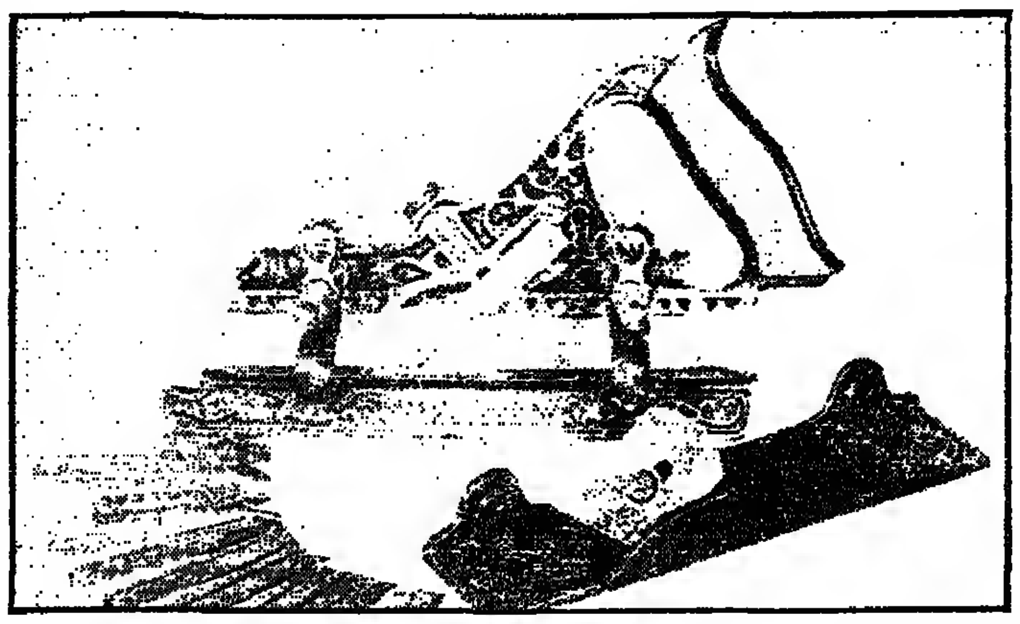
So we are learning to define *faience* scientifically. The analyses reveal the demands of the craft, detailing the compounds used, and pointing to the temperature control of a masterly pyrotechnology. One may compare metalworking, needing also heat and trace additives.

There are good arguments, scientific and typological, for local manufacture of beads in Bronze Age Britain. About 360 are known, and 300 are extant. The Devizes Museum has several. The rest must be excavated from the records.

For a long time the British beads were thought to be Egyptian. Now neutron activation analysis by Dr Stanley Warren at Bradford shows an unusually high ratio of tin to copper, by contrast with East Mediterranean beads. With the tin from Cornwall that is not surprising. And the shapes of the beads are also different.

How *faience* making reached Britain, or if it is a local invention—a considerably sophisticated one—is much argued and needs an open verdict for the moment. The final test for the analyses is to reproduce the ancient products. Dr Michael Tite showed pieces of Egyptian blue made in the Research Laboratory at the British Museum.

A rhyton, or funnel, for pouring offerings of wine (around 1000 BC)



Stanley "Miller's Plow" and cutters in "Woodworking Tools" by Christopher Proudfoot and Philip Walker.

Old saws, plane dealing

COLLECTING
JUNE FIELD

THE TOOLS of a workman's trade have been collected for as long as they have been used. Many of today's collectors first acquired them because there were no modern equivalents of quality.

Patina is important. In a plane, black encrustation contributes to its attraction as much as the polished brownish red parts that are constantly handled when the plane is in use.

"The rather insipid pinkish-fawn colour of raw beech mellows with age, use and constant applications of linseed oil, colour that is hard to distinguish from mahogany," says Christopher Proudfoot, director of Christie's South Kensington.

He says that although a good patina is desirable, it is not always a sign of great age, any more than a plane looking almost new and unused is necessarily of recent manufacture.

"Many planes that look at first sight to be in little-used condition have had the misfortune to be cleaned. This means that much of the old surface has been removed, and perhaps treated with a coat of varnish.

"Such mistaken treatment often occurs when someone finds Uncle Joe's old tool-chest in the garden shed and decides to clean up the contents before selling them. They don't realise that with every stroke of the sanding block they are reducing their desirability."

Christopher Proudfoot and Philip Walker have just published *Woodworking Tools* (Phaidon/Christie, £15), an indispensable guide to introduce the novice as well as the enthusiast to the make up of planes and braces, compasses and calliphers, hammers, chisels, saws and turnscrews (old-fashioned name for a screwdriver).

"Mark twice, cut once" is an old adage in woodworking classes, and the beauty of many old marking instruments should be encouragement for anyone to obey the instruction with pleasure, says Proudfoot. He draws attention to the steel blades on British squares which are found in a variety of plain and decorative shapes, the various escutcheon designs on the rosewood or ebony sections making them a particularly worthwhile acquisition.

The greatest scope for a collector is in the field of planes. Apart from the familiar smoothing and jack or "bench" planes, there was in the past a vast range of special-purpose planes for grooving and shaping, most of which are now obsolete.

Moulding planes—so much variety over the years—make an ideal category in which to specialise. Hollow and round planes (so called after their own shape, unlike most moulding planes, which are known by the shape they produce), are exceedingly useful where a new piece of moulding has to be notched to an existing one in restoration work.

As for prices, while a well-made piece like an "Ultimatum" brace in ebony, brass-plated, will fetch something between £70 and £90 at auction because of its elaborate workmanship, a "Canterbury" hammer with its claw for withdrawing nails, is far less. Yet it is the hammer, the most basic and commonplace of all tools that is the most difficult thing to collect.

Christie's, South Kensington, holds regular sales with many lots under £50, although ploughs with their adjustable depth-stops and a choice of up to eight cutters, will often go to £300 and £400, and a full-scale turning lathe on large mahogany stand, complete with all the necessary apparatus, recently fetched £950.

Tales from a highland clearance

COUNTRY NOTES
JOHN CHERRINGTON

I NEVER REALLY believed those who told me that the main pleasure they received from fishing was the fact that the sport took them to the most beautiful places.

But now I have joined that club. I spent a week last October trying in vain to catch a salmon on a steadily rising river. But I went through the motions, casting automatically into the flood, which, once you have got the action right, gives one plenty of scope for observing the surroundings and thinking of something else.

On the other bank of this west coast river are the remains of a crofting village. Some of the stone-walled cabins are still standing. The original thatch has gone and been replaced with rusty iron sheets. None of them is lived in now. Those families still farming have more modern two-storeyed houses built between the wars and the old cabins are used for storage or housing animals.

At one time, these areas were very thickly populated. In the late 18th century, sheep were brought to many parts of the Highlands and the inhabitants forcibly evicted if they refused to go quietly. It was a cruel period and still spoken of with great bitterness.

The sheep has been blamed for crimes other than the evictions. Originally, we are told, the Highlands were covered with forest, a mixture of Scots pine, oak and other trees, of which only small areas remain. They were felled for fuel and timber over the centuries and would generally be expected to regenerate from seed. But the sheep, gnawing away as they do at every green thing, prevented that and left only the brown grass and the heather, which give the Highland hills and mountains their greatest attraction. I love to see the great sweeps of hill and mountain and resent the encroachment of the new pine forests.

These trees are native to the country, but the alien rhododendron is spreading remorselessly wherever it gets the chance. Originally, I suppose, it escaped from some rich man's garden, where it had been planted as a curiosity. It provides colour in June and thickets of green among the autumn and winter woodlands.

There is not a great deal of bird life by the river. A few buzzards mew over the valley woods. Every now and then, a heron flaps sedately up or down stream and there are mergansers, fish-eating duck, which move very fast indeed, as if every man's hand is against them. As indeed is every ghillie's who values his fish. On the water itself are dippers about the size of a small blackbird, which, according to a film I have seen, can walk not on but underneath the water.

Last but not least, the hooded crows wait to share my sandwich. The hoddie is a native of Scotland. Why are these black and grey crows never seen south of the border?

Beware the one-ironed bandit

GOLF
TIMOTHY DICKSON

NEVER PLAY golf for money with a suntanned stranger who turns up on the first tee carrying a one iron in his bag.

The suntan, of course, suggests he has recently been on a golfing sabbatical. Possession of the one iron—a weapon which only the most skilful can use to good effect—will be a much more subtle clue to his real golfing ability.

This valuable piece of advice was given to me recently by a man at the 19th hole who quite unconsciously fitted the description and who had just won two Dunlop 65s (price at least £1.50 each) at my expense.

In locker room language such a bounder is sometimes described as a "bandit"—a reference to the fact that his handicap was far less flattering than it might have been. The reason for introducing him in this article is that some believe he has become a much more familiar figure on the golfing landscape since the inception of the "new" handicapping system at the beginning of last year and that the unwary ought increasingly to be on the look-out for his kind.

Given the varying conditions under which golf is played—wind, rain, hangovers etc—handicapping inevitably is a relatively inexact science. But it permits something which few other sports can provide, namely a contest between players of widely varying standards on theoretically equal terms.

The key difficulty under any system, however, is how to achieve equity and uniformity among tens of thousands of individuals. The old British method is based, broadly speaking, on taking the best scores which an individual chose to submit.

Unlike its predecessor, moreover, the new system has to be rigidly observed—an obligation made all the more onerous by the descriptive booklet's close resemblance to some of the denser passages of a typical Finance Act.

In essence, if a player puts in a score more than two shots worse than his current "playing" handicap or records a "No return," his exact handicap moves up as a result by 0.1. If he is playing below his playing handicap his exact handicap," is reduced by an amount per stroke that he was playing below his playing handicap, this amount depending on his handicap category" (if it is currently below 5, the amount is 0.1, between 6 and 12 it is 0.2, between 13 and 20 it is 0.3 and between 21 and 28, the maximum handicap, it is 0.4). See what I mean by the Finance Act?

Let us assume that the Standard Scratch Score at mythical Barbados Hill is 72 (the SSS is the yardstick against which handicaps are measured). A seven handicapper who scores 79 is playing exactly to form. If, on the other hand, he shoots 82, 85 or even 102 his exact handicap goes up to 7.1 (though his playing handicap will remain 7 until the exact variety reaches 7.5, when it will go up to 8). Applying the same rules, if he goes round in 78 shots he comes down 0.2, if he shoots 77 shots he comes down 0.4 and so on.

By attempting to reflect the current form of a player the new system irritates those of us who enjoy Sunday morning foursomes, play in few "qualifying" competitions and (if the truth be known) prefer for our own morale and self respect to have a handicap based on what we know is our best, rather than our average performance. By obliging players to return all qualifying competition cards completed either at their home course or elsewhere, moreover, some say the system encourages suntanned strangers to massage their handicaps upwards.

According to Alan Thirlwell of Formby Golf Club, who is Secretary to the Council of National Golf Unions, two modifications this year have headed off much of the criticism. One is the creation of the two shot "buffer zone" so that players can return a score up to two shots above their current handicap before upward adjustments take effect. The second was to limit the upward movement to 0.1 for all categories.

Thirlwell rightly points out that there will always be anomolies in any system and wishes to scotch a rumour that the Australians have abandoned the scheme because it is too complicated.

It seems that we will be working out decimal points for the foreseeable future. There is, perhaps, something to be said for the James Braid approach. The great man, who was professional at Walton Heath for many years, used to dock members' handicaps two shots immediately if they were impudent enough to beat him in a match. No doubt some of them carried a one iron.

BRIDGE
E. P. C. COTTER

THE FIRST example hand from rubber bridge occurred some years ago, but even now it fits me with shame when I think about it:

N
♠ J 8 7 3
♡ K 6 4
◇ A 7 6
♣ 10 8 2

W
♠ 10 6 5 2
♡ A J 9 5
◇ J 9 4 3
♣ 3

E
♠ A K 9 4
♡ Q 10 7 2
◇ 5 2
♣ 7 6 4

S
♠ Q
♡ 8 3
◇ K Q 10 8
♣ A K Q J 9 5

My partner and I had won one game when, sitting South, I dealt and bid one club, to which North replied with one spade, the correct response. After East had passed, I rebid two diamonds, a fully justified reverse. My partner gave simple preference by saying three clubs, but when I tried again with four clubs, he raised me to five. East doubled, a ridiculous double, if ever there was one, and all passed.

West led the spade two to three, King, and Queen, and East returned the two of hearts—that was a pleasant surprise. West won, and switched back to the five of spades, dummy's seven was played, and I ruffed East's nine with the club Knave.

At this stage, if trumps broke 2-2, the contract was cold, as my fourth diamond could be ruffed on the table. I cashed the club Ace, and crossed to the eight in dummy, but West discarded a heart. I had a squeeze in mind, but without sufficient thought I led dummy's eight of spades, ruffed in hand, and drew the last trump. There was no squeeze, and the diamond Knave [illegible]

If I had studied the position with care, I should at trick six have led the spade Knave instead of the eight. East must cover with his Ace, I ruff, and now I have transferred the menace from East to West. Now West is the victim-elect of a spade-diamond squeeze. I cash my last club, throwing a heart from dummy, cash my diamond King, and cross to the Ace. Now the heart King catches West in an automatic squeeze.

At least I realised my mistake in a few minutes.

I was, I am happy to say, more alert in this hand which occurred two weeks ago:

N
♠ A J 7
♡ J 4
◇ Q 10 7 5 3 2
♣ 10 5

W
♠ 2
♡ Q 9 8 2
◇ K
♣ A 9 8 7 4

E
♠ 10 8 5 4
♡ 10 6 3
◇ J 9 6 4
♣ Q J

S
♠ K Q 9 6 3
♡ A K 7 5
◇ A 8
♣ K 6

I dealt in the South seat, and at a love score bid one spade, North gave a single raise, and I rebid four spades.

West led the heart two, won by dummy's Knave, and the four was returned to the Ace. I ruffed the heart seven with the seven of trumps, and cashed the Ace and Knave, West discarding a club. I crossed to hand via the diamond Ace, dropping the King on my left. At this point I had eleven tricks—could I conjure up a twelfth?

I drew East's trumps with King and Queen, leaving a five-card position in which West held the heart Queen and four clubs, and East held J 9 6 of diamonds and two clubs. When I cashed my heart King, East threw a diamond, but when I played my last trump, he threw the club Knave.

His last club must be the Queen or the Ace—West could not hold Ace and Queen otherwise he would surely have overcalled with two clubs — so I threw the lead with the six of clubs. The position of the Ace was immaterial. If West had it, he would fell his partner's Queen, and my King would be the twelfth trick: if East won the trick (with either Ace or Queen), he would be endplayed and forced to lead into dummy's diamond tenace.

CHESS
LEONARD BARDEN

THE BIENNIAL chess olympiad or world team championship starts tomorrow at Salonica, Greece, with around 100 nations competing in the men's event and some 40 in the women's.

England, sponsored as usual by merchant bankers Duncan Lawrie, are represented in board order by Miles, Nunn, Speelman, Chandler, Mestel, and Short, while the women's team is Jana Miles, Sheila Jackson, Clare Whitehead and Susan Walker. There are 14 rounds of play, a total of 56 games for each team of four, with the finish on December 5.

The absence of Karpov and Kasparov, still locked in their world title match in Moscow, means that the Russians are seriously weakened in the men's contest. The race is more open than for some years, with six countries as obvious contenders: USSR, U.S., Hungary, Yugoslavia, Czechoslovakia, and England.

So far England's best results since the olympiads began in 1927 have been bronze medals that year and in 1976, but there were no Russians either time. Hopes that 1984 could be our year rest on the team's youth—all six are under 30, while Short, the world's youngest GM is 19—and on their current good form. Six have scored major individual successes during recent months, notably Miles's victory at Tilburg and Nunn's at Zurich.

England captain David Anderton is a director of Leigh Interests, the Walsall-based waste processors which sponsors the British Congress Grand Prix. Anderton has presided over a decade of steady improvement since he first led the national team in 1972.

In his view, the right approach to winning the olympiad is to aim for a score of "plus 15"—15 more game wins than losses, and an average of 2¼/4 in each match.

The olympiad is run under the Swiss pairing system which effectively means the leading teams meet easy opponents at the start, play their main rivals in the middle rounds and again face weaker sides at the end. Anderton's aim is to achieve around "plus 7" in the early rounds, hold it in the hard matches,

Anderton's aim is to achieve ground "plus 7" in the early rounds, hold it in the matches against the Russians and Americans, then go for big winning margins in the final rounds.

Statistics over the years show that gold medal teams always have at least two or three players scoring high percentages—certainly over 75, probably over 80. Even without Karpov and Kasparov, the Soviets have an advantages in that three of their likely team, Tal, Vaganian and Belyavsky, are noted for ability to crush tournaments of weaker opponents by wide distances.

Among England players Mestel had a run of brilliant wins in last year's European championship, and our prospects may depend on whether he and the other lower boards can produce similar sustained peak form.

Olympiad history is against West Europeans: gold medallists in the previous 25 contests are USSR 14, U.S. 15, Hungary 3, Germany, Poland and Yugoslavia 1 each. This domination by east Europe and the U.S. was broken only in the bizarre circumstances of 1939 when war broke out during the Buenos Aires Olympiad. While Germany and Poland battled for first place.

A Pole blundered a winning position on September 1 as the Nazi air force bombed Warsaw, and the Germans took the Hamilton Russell trophy by half a point.

A British olympiad success against a reigning world champion:

White: J. Penrose. Black: M. Tal.

Benoni (Leipzig 1960).

1 P-Q4, N-KB3; 2 P-QB4, P-K3; 3 N-QB3, P-B4; 4 P-Q5, PxP; 5 PxP, P-Q3; 6 P-K4, P-KN3; 7 B-Q3, B-N2; 8 KN-K2, 0-0; 9 0-0, P-QR3; 10 P-QR4, Q-B2; 11 P-R3, QN-Q2; 12 P-B4, R-K1?

Penrose had spent that morning preparing his variation from an earlier 1960 game Ojanen v Kerea. Tal was surprised and this error weakens his KB2; better R-N1.

13 *N-N3*, *P-B5*; 14 B-B2, N-B4; 15 Q-B3, KN-Q2; 16 B-K3, P-QN4; 17 PxP, R-N1; 18 Q-B2, PxP; 19 P-K5! PxP; 20 P-B5!

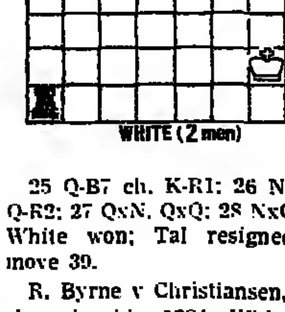
Better than 20 PxP, R-B1 when White's pawns become weak. Now White settles a knight at K4 which, allied to his attack from the KB file, is soon decisive.

20...B-N2; 21 QR-QE, B-QR1; 22 QN-K4, N-R5; 23 BxN, PxB; 24 PxP, BPxP.

Losing a piece, but if P-B3; 23 Px Pch, KxP; 26 N-R5 gives a winning attack.

POSITION No. 542

BLACK (4 men)



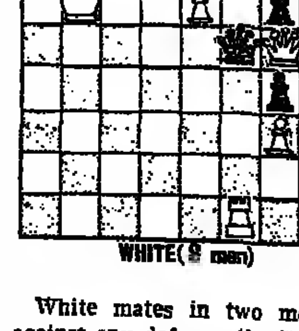
WHITE (2 men)

25 Q-B7 ch, K-R1; 26 N-QB5, Q-R2; 27 QxN, QxQ; 28 NxQ and White won; Tal resigned on move 30.

R. Byrne v Christiansen, U.S. championship 1984. White (to move) resigned here, but many spectators could not see why. What is Black's best winning plan?

PROBLEM No. 542

BLACK (5 men)



WHITE (8 men)

White mates in two moves, against any defence (by F. von Wardener). When published earlier, many solvers opted for the wrong solution or gave up after an hour or more.

Chess Solutions, Page 22

Legal Notices

NOTICE IS HEREBY GIVEN pursuant to Section 56 (1) of the Companies Act 1981 that at an Extraordinary General Meeting of Osar A-S Limited held on 16th November 1984 a payment out of capital by the Company for the purpose of the Company's acquiring 670,000 of its own shares by purchase from the Registered Holder thereof was approved by Special Resolution. The total amount of the permissible capital payment for the shares in question is £558,489. The Statutory Declaration of the Directors and the Auditors' Report required by Section 55 of the Companies Act 1981 are available for inspection at the Company's Registered Office. Any creditor of the Company may at any time within the five weeks immediately following the date of the Resolution for payment out of capital apply to the Court under Section 57 of the Companies Act 1981 for an Order prohibiting the payment.

By Order of the Board,
O. G. LEE,
Secretary.

Registered Office: 2-8 Hatchpond Road, Pool, Dorset.

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Saturday November 17 1984

Form versus substance

THE TWO dominant concerns of British financial markets this week, the Government's Autumn Economic Statement and the long-running miners' strike, illustrated in different ways a British obsession with the contrast between form—the way things appear—and substance—the underlying reality. Mr Nigel Lawson, the Chancellor of the Exchequer, went to some pains to *present* austere-sounding spending projections which discomforted some of his parliamentary colleagues but the substance was much less severe.

For his part, as some miners returned to work, Mr Arthur Scargill tried desperately to maintain that the substance of his dispute still corresponds with the form he likes to project—"a fight to save jobs." Both Mr Lawson and Mr Scargill found difficulty in persuading all of their traditional followers of the merit of their tough lines.

Mr Arthur Scargill, it must be said, has never come close to persuading all of the miners, let alone the general public, to join his holy crusade against capitalism — although he does seem to be attracting some converts from the Church of England. The drift back to work is by no means yet the flood which would herald an early end to the dispute, and it has been partly stimulated by the coal board's carrot of a Christmas bonus, but it does suggest the erosion of Mr Scargill's almost hypnotic control over his fellow miners. The stark facts of the strike — failure to hold a ballot, guaranteed jobs for miners who want them and exceptionally generous redundancy terms for those who do not — must be increasingly shaking the confidence both of striking miners and of TUC, Labour Party and Church leaders who still see room for mediation.

If the week was an uphill struggle for Mr Scargill, it cannot have been much easier for the Chancellor. Mr Scargill, to be fair, is trying to lead only one group — his fellow miners. The Chancellor faces a trickier balancing act: he must reckon with at *least four* different interest groups — Cabinet colleagues, the financial markets, leading industrialists and Tory backbenchers — all of whom are making different demands. To date, the Chancellor has concentrated on pleasing the markets and to a lesser extent industrialists. To his colleagues on front and backbench alike he has tended to turn a deaf ear.

The dilemma for Mr Lawson, as the autumn statement so clearly underlined, is that he cannot satisfy everyone at once. The Chancellor is doing his best to talk up the expectations of businessmen: the Treasury's latest forecast is remarkable if only because it is more optimistic than the average of independent forecasters on growth, consumer spending, inflation and unemployment (if the Government Actuary's "assumption" is any guide). Mr Lawson knows that Britain is a nation of gloomsters and that as fast as the Treasury forecasts the future, the Central Statistical Office, in fine Orwellian style, rewrites the past, telling us too late for it to matter that things were *better* than we remember them.

Gingering up the animal spirits of entrepreneurs is vitally important but it does test credibility elsewhere. The Chancellor is obliged to forecast substantial real earnings growth in 1985 to make plausible his assertion that consumer spending will underpin rapid growth next year. But, *on Mr Lawson's own economics*, a forecast of a significant jump in real wages in 1985 throws doubt on the wisdom of the assumption of static unemployment. This difficulty pales into insignificance, however, when contrasted with the problems Mr Lawson faces over the presentation of figures on public spending and borrowing.

Money supply

Mr Lawson's image as a stern fiscal taskmaster is beginning to look less convincing. The markets know full well that planned public spending in 1985-86 is being held down only with the help of fudges, including higher sales of assets and council houses (really ways of financing spending) and optimistic financing limits for nationalised industries. More important, they know that holding down plans is not the same as holding down actual spending: in each of the past four years spending has overshot plans by about £2bn.

If only Parliament were held in secret, Mr Lawson might be tempted to claim credit in the House for some covert reflation —without upsetting the markets outside. Just as Ministers now point out that the Government spends more on the National Health Service than the previous Labour administration, the Chancellor might quieten critics by reminding them that public spending has risen in real terms since 1979-80 and that the money supply has grown quite fast even allowing for inflation. The Bank of England is squaring rapid credit growth with its sterling M3 target only by swopping gilts for commercial bills in a big way.

The form of Mr Lawson's policies is more severe than their underlying substance. However, since markets seem increasingly to be tumbling the creative accounting which opened up the gap in the first place, the wisdom of the Chancellor's presentation looks more doubtful. There is the added disadvantage that Mr Lawson's critics propose a relaxation of policy which they might not support were they better informed of the true fiscal stance.

THE SELLING OF BT — BRITISH TELECOM

Day of decision draws near

Pros and cons of BT

By Clive Wolman and George Graham

THE LARGEST share sale is reaching its climax, and you have until November November 28 to decide whether to buy shares in British Telecom.

In its efforts to make the shares more attractive, the Government has offered incentives in the form of vouchers to pay part of your telephone bill or bonus shares; so the investor has to decide not just whether to buy, but how much to buy and which perks to choose.

The decision tree on this page is designed to simplify these problems. It goes through the choices to be made to ensure the highest possible return on an investment. But is it wise to buy British Telecom shares at all?

Here are some of the questions to be considered before sending in an application.

How safe are British Telecom shares?

Stockbrokers are treating the company as virtually a utility, because of its monopoly position in the UK telephone market. They view it as a low-risk share and its safety is increased still further by the backing of the Government, which will continue to hold 49.8 per cent of the company's ordinary share capital.

The major long-term risk is a political one. The Labour Party is committed to renationalising British Telecom, paying only the original purchase price to shareholders. As the next election approaches, greater nervousness can be expected, particularly among foreign investors and the price could fall substantially.

Moreover, however optimistic investors may be about British Telecom's prospects, it would still be too risky to tie up too much capital in one company for three years.

The decision tree assumes you should invest no more than 10 per cent of your "liquid" assets, but obviously if you are less confident about British Telecom's future a lower investment ceiling would be advisable.

Liquid assets exclude your home, insurance policies and pension rights but include other shares, unit trusts, Government securities, National Savings, building society accounts—and any other assets to which you have access and which you can cash in with ease.

Is BT a good choice for someone buying shares for the first time?

As a virtual utility with a low level of risk it is a good first share, and it is not necessarily disastrous if it is the only share you hold. It is preferable, however, for it to be teamed with other shares and with other more stable investments such as Government securities or building societies.

Although you can turn the shares into cash at any time, you should have other sources of money so as to avoid having to sell when the share price is low. You may also feel locked into the investment by the perks, because it would be undesirable to sell your shares shortly before a qualifying date for vouchers or bonus shares. The perks are not transferable, so the resale value of the shares is *substantially lower* than the value to the original buyer.

What are the prospects for growth?

Profits have grown at an average of 23 per cent a year since British Telecom split from the Post Office, and its directors forecast a profit of £1.35bn this year. But the company is compelled by law to keep its inland service price changes three points below the rate of inflation and these make up about 55 per cent of its turnover.

What income will I get from the shares?

BT expects to pay a dividend of 3.9p per share net of basic rate tax for the remaining months of its business year, which ends on March 31. This means it will be giving a gross return of around 7.1 per cent, nearly half as much again as the average for companies in the *FT* All Share Index.

Will I receive all the shares I apply for?

Two months ago, the question was yes certainly. The problem then was where investors would find the more than £3.9bn that will be raised.

Now the issue seems almost certain to be healthily oversubscribed.

It is probable that private investors will get first crack of the whip, ahead of institutions and foreign buyers. But there is no guarantee that you will get all the shares you apply for. You might receive only a proportion, and this could bring your holding below one of the thresholds for receiving extra telephone bill vouchers.

Will the share price go up?

There is a good chance that it will. At least in the short term. Institutional investors are likely to buy the shares, if for no other reason than that British Telecom will immediately represent nearly 1 per cent of the market capitalisation of the FT All Share Index.

Pension fund managers in particular have tended, through innate caution and through a desire not to be seen to perform worse than this yardstick, to match their investments closely to the components of the index.

But the price could still move quite sharply up and down, despite this institutional support.

Why should it fluctuate sharply?

In the first place, investors will only have to pay 40 per cent of the value of their shares immediately, with a further 30 per cent due in June next year and the final slice in April 1986. While this feature is undoubtedly attractive to the investor, the partly-paid form of the shares will exaggerate any movements in the price.

Second, the high income predicted from the shares will lead to sharp price adjustments around dividend dates. The half-yearly distribution of telephone bill vouchers will only multiply this effect.

Third, the programme of perks ends in 1987, so the value of shares to investors who have held them from the start will drop then, just as the approaching general election brings the possibility of renationalisation to the fore.

What can I do to safeguard against this?

If you are prepared to use traded options, you can eliminate all *risk of a fall in* the British Telecom share price.

But it would also mean missing out on any possible gains in the share *price* over the three years. For more details on how to use options see page 8.

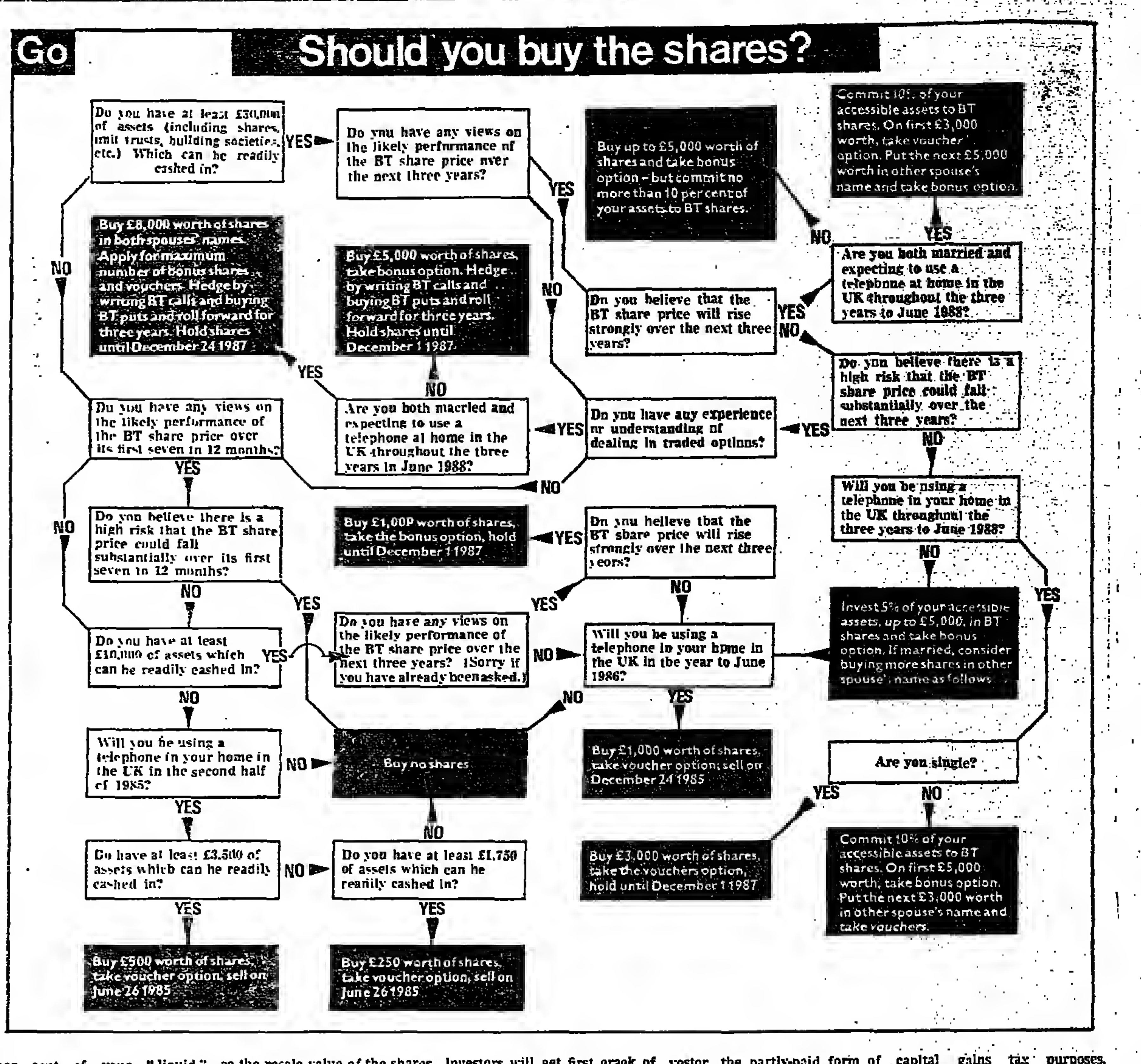
Should I choose telephone bill vouchers or bonus shares?

The vouchers offer extremely high returns in the short term, and are especially attractive to higher rate taxpayers because they are free of income tax, though they will reduce the base value of your shares for capital gains tax purposes. Bonus shares could offer even higher returns if the British Telecom share price increases over the next three years, although the issue of the new shares will result in an effective dilution of the share capital, so the share price could fall then. They are also offered on investments up to £5,000, where vouchers are given only up to £3,000. For more details see page 8.

How long should I hold the shares for?

The highest percentage returns are achieved by buying £500 worth of shares and selling them in August next year, but this does not, of course, mean that you would necessarily be better off putting your money anywhere else. If you have chosen the bonus share option you will lose out if you sell before November 30, 1987.

One other date to bear in mind is December 31, 1986. Until then, the Government has arranged for you to be able to buy and sell British Telecom shares through a stockbroker in parcels up to *£800 for £5-£10*, well below normal Stock Exchange commission rates. After that the cost of selling a small number of shares could well wipe out any gains you have made in the share price.



Letters to the Editor

University challenge

From the President-Elect, Secondary Heads Association.

Sir,—Michael Dixon's article "University challenge" (November 10) suggests that Oxford's planned reform of its admissions procedure is intended *to* promote social equality by making entry easier for state school applicants, and by abolishing the seventh term exam which was alleged to favour independent schools.

Autumn 1984 sees the first stage of the new scheme—there is no seventh term exam this month for Oxford entry. Oxford's arrangements have, however, attracted an extra 900 independent school candidates, while 400 fewer state school candidates have applied this year than applied for entry in 1983.

There are many of us in the state schools who believe that the fourth term is the wrong exam at the wrong time. It disrupts the autumn terms of the second year sixth when the academic momentum in the longest term of the school year can least do with interruption. It involves success and failure for the academic cream of the school by the beginning of January—six months before "A" levels. The successful know they have only to get 2 Es at "A" level to complete their requirements, so they can afford to ease off; the unsuccessful have to pick up the pieces of their shattered morale and get into the mode for working again for their "A" level targets.

The Cambridge proposals for an exam in the summer term are far more attractive to schools. Candidates will have the benefit of the full "A" level course instead of 3½ terms as favoured by Oxford; the vital autumn term in the second year sixth will not suffer interruption and candidates will have the additional maturity that taking the exams in the summer, and we in the schools can vouch for the difference that period brings.

This association and Head Masters' Conference have encouraged Cambridge to find a sixth term solution, and it is to be hoped that when it does, Oxford will be willing to realise the wisdom of that route and will follow suit.

R. P. Brown,
Royal Grammar School,
High Wycombe, Bucks.

Confusion over plutonium

From Dr D. Lowry

Sir,—May I be permitted to clarify two matters arising from your report (early editions, November 10) of the disagreement between the Central Electricity Generating Board and Campaign for Nuclear Disarmament over the past use of CEGB plutonium?

Your special correspondent writes that CND "claims" it had a tape recording of an interview with Lord Hinton of Bankside. There is no doubt in this matter. I recorded an interview with Lord Hinton on January 19 1983 at his office at Millbank, London. Extracts were played to a Press conference launching the CND evidence on October 8. A shorter extract was played on the BBC 9 o'clock news that evening. Sir Frank Layfield, the Sizewell Inquiry inspector, was twice given the offer to hear the relevant tapes, during CND's evidence last week. He twice declined.

Mr Baker, for the CEGB, claims that CND kept the tape secret for 22 months. This is a proper use of the word "claim." It is also untrue. CND was not in a position to divulge the contents of the tape recording as it did not own them. The interview was made as part of research done under the auspices of the energy research group at the Open University. For CND to have used the Hinton "Millbank" tapes before permission to have stolen them.

They are, however, now public. The most important matter is to ascertain the truth about the past use of CEGB plutonium, as confusion currently reigns.

So far, the CEGB has provided "assurances" but no evidence to the Sizewell inquiry or to the public on this matter. As you reported (November 9) Sir Frank Layfield told the Sizewell inquiry he was having difficulty in reaching a judgment on plutonium evidence because of lack of information from the CEGB on the matter.

David Lowry,
Open University,
Walton Hall,
Milton Keynes, Bucks.

British Rail architecture

From Mr B. Kaukas

Sir,—The article by Gillian Darley (November 8) on the architectural legacy of British Rail was an excellent example of journalistic encapsulation of a convoluted problem inherent in the need to maintain a balance between conservationist aspirations and the needs of the business.

There is only one significant item which would benefit by a gloss. She refers to the Denmark Hill Station project as one where the "use was not confirmed until well into the building programme." The converse of this statement is correct. As Director-Environment at the time it fell to me to *make* it abundantly clear that no financial resources of the Board would be made available unless and until it was beneficial use for the restored pavilion. Certainly the Historic Buildings Council would not have been prepared to give such generous grant aid to this project without such assurance.

Bernard Kaukas.
13, Lynwood Road, W5.

Portable pensions

From Mr R. Nunez.

Sir,—The damp results of the Fowler effort to solve the early-leaver problem is a classic example of what might have been expected when high ideals clash with economic practicalities in an environment of rather vague knowledge of the up-to-date facts.

Few of us were unsympathetic with the effort to remove the early leaver problem and most of us were aware that any solution must ultimately increase the costs of pension provision.

What I believe was little perceived in the heat of the battle, certainly by the "*pro-Fowler*-ites" if I may use that term, is that most of the early leaver problem, so brightly (and rightly) illustrated in the Press, was contained in substantial accumulations of past service for which retrospective legislation would really have been required. As far as recent and future benefits of early leavers were concerned, not one but two main statutory elements of protection were already in force or in the pipeline. I refer of course to the provisions of the 1978 Pensions Act which *initiated* the protection of a significant portion of post 1978 benefits and secondly the impending legislation to give a minimum 5 per cent as protection against inflation (which almost seems generous in current conditions).

With the need to avoid further cost increases over those imposed by such recent legislation *virtually all* that was left for the Fowler initiative was to make allowance for individual "privatisation" of the earnings-related portion in the statutory pension provisions created by the 1978 Act.

It remains to be seen whether a "fashion" for individual and more personal investment control which of course simply *means more scope for* the hawkers of investment "expertise" will have been thereby created.

Still, maybe we are all missing the point and Mrs T will have had the last laugh in having foisted upon us a monumental piece of legislative effort essentially designed to benefit only that tiny band of upwardly *mobile* self-confident entrepreneurs appointed to lead the new British Economic Miracle.

Richard A. Nunez.
12, The Fairway,
North Wembley, Middlesex.

Product life cycles

From Mr H. Stewart.

Sir,—The views of Rex van Rossum in his pronouncement (August 23) that product life cycles are dead and of Philip Middleton in his defence of life cycles (November 12) appear to be irreconcilable.

There is one element which is missing in their arguments, which would enable both to be supported, that of market saturation. Rex van Rossum's examples of products that have defied the life cycle include Persil, Kellogg's Corn Flakes and Coca-Cola, all of which are products which are consumed regularly for which the replacement cycle is very short, i.e., there is a continuing stable *market* where saturation is of limited relevance since the product is generally sold to existing customers.

Philip Middleton on the other examples in support of the life cycle, such as pocket calculators, since he is generally referring to products with a replacement cycle of several years whose market therefore comprises largely new customers. In this type of market, the progress to saturation is one of the key determinants of market growth and competitive pressure.

The conclusion is therefore that for products which are consumed frequently with regular replacement, i.e., "consumption products," market saturation is a minor factor and *the* product life cycle has limited application. In "capital products" markets where saturation is fundamental, a product life cycle is valid basis for analysis.

H. J. P. Stewart.
75, Mysore Road, S.W.11.

Too secret too long

From Mr Chapman Pincher.

Sir,—One of the penalties for having written such a long and detailed book as "Too Secret Too Long" is that reviewers cannot be expected to read it all carefully. Clearly your reviewer, Anthony Verrier (November 10) has not done so. Otherwise he could not sensibly claim that I provide no evidence of Sir Roger Hollis's Communist associations in China and that I have placed reliance on an out of date book.

In fact I supply detailed evidence of Hollis's association with a formidable leader of world revolution called Arthur Ewert. This information did not arise from any book but from a former MI5 officer concerned with the investigations into Hollis's loyalty. I am assured that it is confirmed in the long private report on "The security of the United Kingdom against the assault of the Russian intelligence service," prepared by Peter Wright, formerly of MI5. The report is currently with the Prime Minister and may be published by Mr Wright.

Chapman Pincher.
16, Church Street,
Kintbury.

BRITISH BROADCASTING

The fight to shape the future

By Raymond Snoddy

BRITAIN'S broadcasters are getting down to a series of elaborate political poker games and the stakes are high. In the next few months political, commercial and fiscal decisions will be taken which will have a profound influence on the shape of British broadcasting to the end of the decade.

At stake will be the health of a system which is often claimed to be, and sometimes is, the best in the world.

● On Thursday the BBC submitted to the Home Office its case for a big rise in its television licence fee for the three-year period starting next March. Peat Marwick, Mitchell, the accountants, are also hard at work on the "value for money" inquiry into the BBC requested by Mr Leon Brittan, the Home Secretary. That will form an important part of the negotiations.

● At Granada Television, Mr Andrew Quinn, general manager, is finalising a business plan for the direct broadcasting by satellite (DBS) project. The plan is due to be completed soon and then the BBC, the 15 ITV companies and five non-broadcasting groups led by Thorn-EMI will have to decide whether to invest around £660m to produce three new channels of TV from space.

● A joint Home Office and Treasury review (with Independent Broadcasting Authority representation) on the future of the levy on ITV profits is collecting evidence. The ITV companies fear that the findings of the Whitehall Levy Review Group will change ITV's taxation structure and increase the tax burden on the system.

In the face of these three issues, all of which are interconnected in complex ways, it is hardly surprising that the signs of strain are starting to show in broadcasting boardrooms. The lobbying is becoming intense even by the standards of an industry which knows how to bend a minister's ear.

This week it is the apparently arcane issue of the method of taxing ITV companies which has leapt to the forefront. Why should the loudest squeals of anguish be coming from ITV whose advertising revenues have grown as if there were no recession, which has consistently been trouncing the BBC in the ratings and has 13 of the 15 nominations for international Emmy awards in New York next week?

The issue can be simply stated. The Treasury believes that the present tax of 66.7 per cent on profits after a "free slice" of £650,000 or 2.8 per cent of profits, whichever is the greater, may encourage inefficiency and overmanning. Broadcasters, so the argument goes, are encouraged to be profligate because if they aren't the money will go to the Chancellor anyway.

A scene from Jewel in the Crown—the quality money can buy

Programme makers counter by saying the system of high marginal taxes encourages the making of costly high risk, high quality programes which would not be made if tax were deducted at source from revenue.

The issue was symbolised in an exchange between a Treasury official and Mr David Plowright, chairman of the Independent TV Companies Association and managing director of Granada, when the companies gave evidence to the review earlier this month.

Could not a change in the levy make it possible to "make more for less?" said the Treasury.

After denouncing such a simplistic volume-orientated approach to the making of quality TV, Mr Plowright added: "We probably could have made Jewel in the Crown in the studio in Manchester with a painted backdrop but I don't think it would have been as good as sending 68 people to India."

The ITV case is that in the high risk business of programme making the high marginal rate of levy can be an incentive to programme investment. With the present profits-based system the risk was shared between the Treasury and ITV.

"In the case of a revenue-based system there was no risk to the Treasury, but the likelihood of much damage to the industry."

But how, asked the review chairman, a senior Home Office official, could the present structure be "an incentive to spend for praiseworthy purposes, but not also an incentive to pursue other, less praiseworthy activities?"

ITV executives fear the review may be heading towards a mixed tax structure—part revenue-based, part profits-based.

This they oppose on the grounds that it would be possible to pay a mixed levy even in a loss-making year; that profitability in television is particularly sensitive to changes in revenue; and that the mixed system would start an inexorable slide towards a fully revenue-based system.

The civil servants have been keen to emphasise that the present exercise is "revenue neutral"—designed to raise no more than the £50m in levy that the ITV system will probably pay this year. But they add, ominously, that setting the rate of a particular tax is of course a ministerial function.

"Any change to the financial structure of the ITV system that imposes further inhibition or penalty at a time of significant technological advance and gathering competition could lead to long-term damage to the whole ecology of British broadcasting," say the ITV companies in their submission to the Home Office.

Profit margins which used to run at over 20 per cent have been halved by the cost of setting up Channel 4 according to the companies. Further cuts could damage export potential and prospects for more jobs.

There are fears that, at least in some ministerial minds, a link is being made between the financial state of the BBC and the taxation of ITV companies. If the Government, so the theory goes, is unable to give the BBC what it believes it needs for fear of the electoral unpopularity of a licence fee of around £67 a year, would not it be neat to clobber ITV too to restore the balance?

"There should be no thought of using the financial circumstances of the BBC to penalise ITV. In the process something very good about British industry could be destroyed," ITV executives told the review group.

There is little sign of such a "conspiracy" in the minds of the Government, but the fact the issue has been raised in such dramatic terms demonstrates the sensitivities of all concerned.

One other connection is much more explicit and direct. It is the link between ITV's investment in DBS—around £200m for their 30 per cent stake—and any move which would increase ITV's taxation difficulties.

The levy review is expected to report in January or February. Minor adjustments could be made by order, moderate changes could be incorporated in next year's Finance Act, but radical change would require legislation.

It seems very unlikely that the boards of ITV companies will feel able to authorise one of the most speculative ventures they are ever likely to make without knowing what their taxation will be in future. The issue could delay even further a final decision on DBS.

But British broadcasting is going to be spared one big uncertainty, at least for the forseeable future. The Government is paying little attention to the lobbying of the advertising industry to try to get the BBC to take advertisements.

Halifax ABBEY NATIONAL Nationwide ALLIANCE Leicester

Building societies

The marketing men set a sizzling pace

By Godfrey Hodgson

THE MERGER between the Leicester and the Alliance Building Societies announced this week not only creates the fourth biggest building society in the country, it reflects the hectic pace of change that over the past 20 years has transformed a conservative, provincial industry with its roots in Victorian self-help into a sophisticated sector of the financial services market. It also pin-points the importance of marketing, and more specifically of advertising, in that development.

Mr Scott Durward, chief general manager of the Leicester, recalls that 15 years ago building societies were opening new branches while banks were closing many of theirs. Often the first change a building society made to a former bank branch was to rip out the granite walls and replace them with plate glass. Local conservationists were annoyed, but the marketing men back at head office were delighted with the result.

Both the Alliance and the Leicester, like the Bradford and Bingley, belong to an aggressive pack of growing medium-sized societies that have relied heavily on television advertising as they chase the leaders. The Leicester spends more on TV in proportion to its assets [see table] than any other society — relatively, almost four times as much the the Halifax, the biggest in Britain.

The merger also highlights the new generation heading the building societies, in a world where savings instruments are marketed like consumer products and automatic tellers are replacing mahogany counters.

There are still chief executives of building societies who left school at 15 and worked their way to the top of their local societies. Mr Herbert Walden, of the Heart of England, this year's chairman of the Building Societies Association, is one; so is Mr Cyril English, chief general manager of the Nationwide. In the big societies, however, they have been outnumbered for some time by professionals, either solicitors or accountants, many of them graduates from middle class backgrounds.

Mr John Spalding, chief general manager of the Halifax, is a solicitor. Mr Clive Thornton, who was chief executive of the second biggest, the Abbey National, until he moved to the Daily Mirror, is a solicitor, too. Mr Peter Hemmingway, of the Leeds, is an accountant; so is Mr Alan Cumming, of the Woolwich.

Of the parties to the merger, Mr Ray Cox of the Alliance was a management consultant who in 1964 was called in to cut management expenses and then asked to stay on as boss. Mr Durward, head of the Leicester, is a marketing man who started with Imperial Tobacco then went to the Cheltenham and Gloucester in 1967 and moved to the Leicester in 1975.

The first marketing man in a top building society job was Mr Joe Bradley, who spent ten years at Unilever before going to the Nationwide in 1972, then moved to be chief executive at Town and Country, the 20th biggest society. Mr Malcolm Hughes, the present marketing boss at the Nationwide, was head of marketing at Fine Fare. Mr Richard Lacey, who runs the Birmingham and Bridgewater, is a marketing man, and so is Mr Peter Birch, who was managing director of Gillette before he took over from Mr Thornton at the Abbey National.

"You don't need to have a marketing background," says Mr Tony Stoughton-Harris of the Anglia, an accountant. He concedes that there has been a change at the top. Mr Hughes though thinks more changes are on the way and that the marketing men's domination will be challenged by computer experts. "The machines run building societies," he says.

But the guard has not changed yet. Marketing is still essential, even though strategy has shifted several times since the 1960s, when building societies first began to compete aggressively for savings. Each phase has involved both advertising and "below-the-line marketing expenditure." The first phase was the expansion into new branches.

Next, in the middle 1970s the emphasis shifted to devising new products where once there was only one kind of mortgage for all borrowers and a single share account for all lenders. Since then the societies have diversified, first into term shares, then into a variety of financial services. The Alliance, for example, has the best cheque account; the Leicester its Leicester card.

This diversification will speed up after new building society legislation comes into force. That is expected in 1987, though Mr Durward speaks for many in the industry when he insists that "the last thing I want to do is to replicate a bank, with all its problems."

More recently the societies started to diversify their mortgage products as well, with differential rates and schemes for special categories of borrowers. In 1981 they moved into a phase of fierce competition, including rates. The latest signs are that they are ready to draw their horns in a little and last week's rate change was arrived at by agreement. "We have just come through a period of beserk competition," says Mr Hughes of the Nationwide. He believes that the competition will shift from savings to mortgages and points out that the Leeds is now advertising mortgages on TV.

Advertising campaigns have followed these broad phases of marketing strategy. The Bradford and Bingley's "Mr Bradford and Mr Bingley" campaign set the pace and achieved 34 per cent recognition among adults. The Woolwich at one time gave up Press advertising entirely in favour of TV ("We're with the Woolwich") and achieved a 40 per cent recognition rate. Now, it has switched out of TV and back to the press.

With the exception of the Halifax, the Big Five have been switching their "spend" from TV to the Press. Even including the Halifax, the five now devote 62 per cent of their advertising budget to the Press. The shift from TV began late last year and the crossover came in February.

While TV advertising is aimed at establishing a society's image in the public's mind, it needs to explain its complex range of rates and products and Press advertising can do that more effectively.

So while the giant societies have switched back from TV to press, those ambitious to catch up with them like the Alliance and the Leicester, now spend about 60 per cent of their advertising budgets on TV.

Many advertising account executives believe that building society spending may have peaked. After years of asset growth at 20 per cent and more a year with fierce competition, the industry now has to face complex new processes of change: deregulation under the new legislation, new technology and multiplying financial products. Perhaps the go-go thrift business is at last in need of a little rest.

WHERE THE PROMOTION MONEY GOES

Building Society	Market share	Advertising spending £m*	TV £m	Press £m	Ratio TV:Press	Ratio of ads to assets
Halifax	19	11.3	6.4	4.9	56.44	0.052
Abbey National	16	7.9	2.5	5.4	32.68	0.057
Nationwide	9	5.6	1.2	4.4	22.78	0.064
Leeds	6	5.0	1.4	3.6	28.72	0.118
Woolwich	5	4.2	1.6	2.6	38.62	0.075
Alliance	3	2.8	1.7	1.1	62.28	0.085
Bradford & Bingley	3	4.3	3.1	1.2	71.29	1.175
Leicester	3	3.3	1.9	1.4	59.41	0.200

* First nine months of 1984.

Source: FT estimates

Weekend Brief

Oh what a tangled web

WHEN A claimant at a Department of Health and Social Security office asks for help with a funeral, the official reaches for the Supplementary Benefits Procedure Manual and reads: "(1) Establish the balance of expenditure left after deducting from the total expenditure under S7131 any sums appropriate under S7141 (1)—(5); (2) Deduct the cost of the responsible member's flowers; (3) Divide the balance remaining by the number of surviving close members."

A quarter of those eligible for Supplementary Benefit do not take it up and it is easy to see why. By the time the DHSS official has divided by the number first thought of, the claimant must be ready for his own funeral, quite apart from his late relative's.

The slight adjustments made by the Chancellor this week to the benefits payments do not affect the extremely low level of the basic amount received by an individual. Every extra item needed by a claimant rocks his financial boat to the point of swamping. Some of this unforeseen expenditure is catered for, according to a set of often bizarre regulations.

Death is one such item; the DHSS runs to the cost of a plain coffin and also of "any additional expenses arising from a requirement of the religious faith of the deceased, not in excess of £75" (to quote The Law Relating to Supplementary Benefits, a hefty legal volume not quite within the price range of families actually on Supplementary Benefit).

Growth, unfortunately, is not one such item. An additional payment for clothing can only be made when "the need has arisen other than by normal wear and tear." This is defined as ruling out payments for clothes outgrown and worn out. If a child's trousers are ripped by a fall from a tree, that counts as accidental damage and the cost is refunded. If the child merely slides down the tree, and the trousers are ripped, that is normal wear and tear; no refund is made.

If a member of an "assessment unit" (i.e. family, as in "The assessment unit that prays together, stays together") suddenly puts on or loses weight, clothes, now splitting at the seams or hanging like spinnakers on a becalmed yacht, can be replaced. "But do not allow a payment for 'growth spurts' by children or adolescents," warns the Manual.

Lest it appears that Scrooge's spiritual heirs have taken over the running of the Welfare State, it is only fair to mention that special consideration is given to "a raincoat for a bronchitic whose existing topcoat does not keep him dry."

Furthermore, officials will not necessarily say no to "an extra pullover for a person with tuberculosis."

Generous to a fault, indeed. The Law Relating to Supplementary Benefit is equally charitable when it is prepared to disregard, in computing the earnings of a claimant, "the cost, up to 15 pence, of each meal taken during the hours of employment." Fifteen whole pence! That must take care of a substantial portion of the cheese in a cheese sandwich.

Yet another kind-hearted gesture lies in the DHSS's willingness to forget about earnings received by "a person engaged in the manning or launching of a lifeboat."

Furthermore, not just a hot-water bottle, but a "covered hot-water bottle" is decreed to be essential, although only "where a member of the assessment unit is elderly, or infirm." Clearly, we as a nation cannot squander hot-water bottles on any Tom, Dick or Harry claiming to have cold feet.

Although the two tortuous volumes should be consulted by the average assessment-unit-in-the-street, they are not aimed at an audience of claimants. The Supplementary Benefits Handbook is. It does its best to be comprehensible, but the Byzantine regulations often defeat its intentions. Conspicuously so in the case of the formula for paying off debts for fuel consumption:

$$\frac{DX(Q-4+Q-3+Q-2+Q-1)}{52} \times Y \times Z \pm \frac{S}{26}$$

where "S = the difference between the charge that was estimated at the beginning of the six month period and the actual charge during the period." and so on. Supplementary questions abound.

Whatever a claimant makes of that, one thing becomes immediately obvious to him. Although it is hard to find adequately paid work, it is even more complicated to be without it.

A strange coincidence

The old piston aircraft climbed slowly above the snow-covered Himalayas. Inside a small and sombre woman sat alone as the commentator announced that ashes carried in the plan were to be scattered onto the fields "where the peasants work so that his body becomes an indistinguishable part of India."

Hearts stopped beating for a second at a film premiere in New Delhi's major conference hall when this scene suddenly appeared on the screen on Wednesday night. Just three days before, Rajiv Gandhi, India's new Prime Minister—who had been in the hall for the start of the film—had re-enacted the ceremony high above the Himalayas with the ashes of his mother, Indira Gandhi. Now, in a three-hour film made jointly by India and Russia, Indira Gandhi was seen doing the same in 1964 for her father Jawaharlal Nehru.

Last night the 20-year old scene was shown on Indian television for the first time, administering the latest of a series of emotional shocks that have hit India since Mrs Gandhi was assassinated and Hindu-Sikh riots claimed an estimated 1,277 lives.

The coincidence in timing has provided Russia with a coup in its constant courtship of India. Two years ago, just as Richard Attenborough's "Gandhi" feature film on the life of Mahatma Gandhi was about to burst onto the world's cinema screens, India agreed to a Russian offer to make a documentary film on the life of Nehru.

Mrs Gandhi saw the finished version of "Nehru" just before her death. Its release this week gives it a national and international appeal. A Soviet-influenced version of India's history may now be widely seen because a shortened film is to be offered to television companies in the U.S. and Europe.

There is a fresh surge of interest in India among international film makers. The week had several approaches from the U.S. and Europe to make a film about Mrs Gandhi, and Mr T. S. Narisimhan, a film maker from Bangalore in southern India, wants to make a film about her through the eyes of Rajiv Gandhi. There are also proposals for a feature film of Nehru's life. Shooting was just finished on a six-hour television spectacular on the life of Lord Mountbatten, India's last Viceroy, whose role in partitioning Pakistan from India made him a highly controversial character. Before that, Kipling's "Kim" and E. M. Forster's "Passage To India" were the latest of a series which now looks like continuing with the Nehru dynasty.

No one will admit that the Indo-Russian film is intended as an answer to the West's "Gandhi." But there is understandable pleasure in Delhi that "Nehru" is explicit in its criticism of the British role and of the Muslim creation of Pakistan. As a documentary it also provides a far more useful analysis of the policy strains among India's independence leaders—massive industrialisation and his over-riding concern to build a socialist rather than a capitalist state, while Mahatma Gandhi had little worry about capitalism but abhored large-scale industrialisation.

The film quotes unfairly from Nehru's writings to exaggerate his criticisms of the British and spends a lot of time condemning fascism in the 1930s and extolling socialism. But in general a mixture of old newsreel and film shots, plus some modern scenes, have been skilfully woven together with Indian and Soviet music. The main script is entirely from Nehru's elegant writings.

It cost more than $1m, two-thirds of which was spent and paid for in Russia where the film was processed. But perhaps the greatest tribute to Indo-Soviet collaboration is that a good, if overlong, film has been made from a project which began with both countries writing their own scripts. "How were they merged?" I asked Shyam Benegal, the Indian film producer, co-director and co-script writer. "We had an inter-

Good news for pandas

WHAT IS the interest of the great and the good of the City of London in an obscure forest area in Tanzania?

The great and the good themselves seem to know, for they turned out in force for a fund-raising dinner to help the World Wildlife Fund's work in the Usumbara, Uzungwa and Uluguru mountains.

The gathering—which raised £65,000—was the first tangible sign of a new emphasis by the Fund on raising money from business.

The man behind the policy is Mr Tim Walker, recently elected chairman of the WWF in Britain who is a director of the fund management company Henderson Administration. At 42, the organisation's youngest-ever chairman, he has some novel ideas.

Essentially his strategy is to seek to attract funds by making the WWF's activities seem directly relevant to industrialists and financiers.

So the Fund won't be going cap-in-hand to companies in search of support for saving the giant panda—as it has in public appeals in the past.

"If I talk to City people about pandas," says Mr Walker, "they may say 'lovely, here's £5,' but they might also ask 'How relevant is it to my business? Why does it matter to us whether or not there are giant pandas?'"

Mr Walker's message is that by assisting conservation through the Fund, they are preserving natural resources which are essential for just about all of them to function.

The political climate may well be auspicious for all these ideas. Conservation has been gaining ground as a public issue in Britain, with debates on the subject cropping up at party conferences, and the Conservative Party itself showing distinct signs of going "green" at the edges.

Mr Walker is hoping that the rest of the 1980's will be even better. By increasing donations from business — which currently make up less than 15 per cent of the Fund's income —he reckons he can achieve "a quantum leap" in its budget.

All of which may add up to very good news for the blue monkeys, busy lizzies and silvery-cheeked hornbills of the Usumbara, Uzungwa and Uluguru mountains.

Contributors:
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BUILDING SOCIETY RATES

	Share a/cs %	Sub'on shares %	Others %	
Abbey National	7.75	8.75	9.28	Seven-day account
			9.76	Higher interest acc. 90 days' notice or charge
			6.50-9.05	Cheque-Save
Aid to Thrift	9.60	—	—	Easy withdrawal, no penalty
Alliance	7.75	8.75	9.30	7 days' notice. Imm. wdl. if balance £2,500+ Int. pd. ½-yrly., mthly. inc. opn. if bal. £1,000+
			9.50	Bank Save. Bal. of £2,500. Current account
Anglia	7.75	8.75	9.80	3-year bond. No notice, 3 months' penalty
			9.80	Capital share. No notice. 1 month's penalty
			9.30	7 days' notice. No interest penalty
Barnsley	7.75	9.50	9.65	Special Inv. 9.85 2 years, 9.65 monthly income
Birmingham and Bridgwater	8.00	9.25	9.38	5 days' not. or 20 days' int. pen. for imm. wdl.
			9.86	90 ds. shrs., 90 ds. nt. or 90 ds. pen. for im. wdl.
Bradford and Bingley	7.75	8.75	9.50	Premium Access. On demand, no penalty
			9.75	Extra Interest—1 mth.'s notice or 28-day pen.
			9.55	Extra Income—1 mth.'s notice or 28-day pen.
			9.80	High Income—3 mths.' notice or 90-day penalty
Britannia	7.75	8.75	9.30	7 days' notice. 9.55 28 days' notice
Cardiff	9.30	9.40	9.80	90 days' notice penalty if balance under £10,000
Catholic	8.00	9.00	10.00	Jubilee bond. Min. £1,000. Monthly income
Century (Edinburgh)	8.85	—	9.30	permanent 2/3 years or variable
Chelsea	7.75	8.75	10.25	3 years, immediate withdrawal interest penalty
Cheltenham and Gloucester	—	7.75	—	Gold. No notice. No pen. Under £1,000, 6.75; Over, 8.25; £5,000+, 8.57 mthly. interest added
Citizens Regency	8.00	—	9.20	7 days. 9.00 monthly income
City of London (The)	8.00	8.75	9.85	3 months' notice—no penalty—monthly income
			9.55	21 days' not. im. access for amnts. over £10,000
Coventry	7.75	9.00	9.60	Money Maker £20,000+, 9.35 £5,000+, 8.75 £1,000+. Instant acc., no pen. Mnthly. inc. opt.
			10.00	2-yr. bond £1,000+, close 90 days' notice pen., monthly inc. option. Guaranteed 2.25 diff.
Derbyshire	7.75	9.00	10.00	2 y., 3 m. not. with pen. 9.25 no nt./pn. m. inc.
Gateway	7.76	8.75	9.40	Gold Star £1,000+. No notice. No penalties. Monthly int. £5,000+ 9.82 if added to account
Greenwich	7.75	—	10.00	90-day a/c (7-day a/c 9.25-9.75 subject to bal.)
Guardian	8.00	—	10.25	6 months, 10.00 3 months, £1,000 minimum
Halifax	6.75	7.75	8.00	7-day Xtra, 7 days' notice, no penalty
			8.25	28-day Xtra, 28 days' notice, no penalty
			8.50	90-day Xtra, 90 days' notice, no penalty
Heart of England	7.75	9.00	9.80	90-day notice. 9.30 5-day notice
Hemel Hempstead	7.75	9.25	10.00	2 years, 9.65 28 days, 9.85 3 years
Hendon	8.90	—	9.50	7-d. a/c min. £500. 10.00 3 mths. a/c min. £1,000
Lambeth	7.90	9.00	9.60	7-d. a/c, 10.25 Magnum a/c 6 wks. & loss of int.
Leamington Spa	7.85	—	9.60	Spa mthly. income; no not., no pen. £5,000 min.
			9.50	Lion sh.; 1 m. not. or 28 days' pen. £1,000 min.
			10.15	Supershare; no not., 14 days' pen. £2,000 min.
Leeds and Holbeck	7.75	9.50	9.55	Monthly interest, 9.80 28 days' notice or penalty. Neither if £10,000 still in account
Leeds Permanent	7.75	8.75	9.25	Liquid Gold no not. no pen. HRAS 9.8 3m not.
Leicester	7.75	8.75	9.30	£500 im. ac. no pen. 10.25 comp. 3 y. £2,000+
London Permanent	8.25	—	10.25	3-yr. tm. Im. wdl. 90 dys. pen. £10,000+ no pen.
Midshires	7.75	9.25	10.00	2-year term 2.25 diff. guar. 3 mths.' not. or pen.
Mornington	*9.30	7.80	9.50	£2K+, 9.80 £10K+, 10.00 £20K+. * £2,000—
National Counties	†8.05	9.05	10.15	90 days' notice, no penalty. † £1,000+
National and Provincial	7.75	8.75	9.80	90 days' notice/pen. unless bal. stays £10,000+
			9.55	28 days' not., 9.30 7 days' not./penalty as above
			9.75	HYS (share + 2% guaranteed 3 years)
Nationwide	7.75	8.75	9.80	Capital bonds, 3 yrs., 90 days' notice/penalty
			9.80	Bonus-90, 90 days' notice/penalty
			9.55	Super bonus, 28 days' notice/penalty
			9.30	Bonus-7, 7 days' notice/penalty
Newcastle	7.75	9.00	9.25	90 days' notice, 9.00 28 days' notice
			8.75	7 days' notice. On demand with penalty
			10.00	2-year term access with penalty
Northern Rock	7.75	9.00	9.35	Moneyspinner plus £500 or over
			9.60	(£5,000-£19,999); 9.85 (£20,000 and over) 7 days' notice withdrawal, no penalty
Norwich	8.00	9.25	—	
Peckham	8.50	—	9.75	Imm. withdwl. if over £2,000. Monthly income
Peterborough	7.75	9.05	10.05	Flexi-Plus 60 days' notice monthly income
Portman	7.75	9.25	9.50	No notice, 9.75 2 months' notice
Portsmouth	8.05	9.55	10.20	3 years, 10.00 6 months, 9.75 1 month
Property Owners	8.25	9.75	10.00	3 mths., 9.65 28 d., 9.85 6 mths. Effective Nov. 1
Scarborough	7.75	9.00	9.75	2-year limited share, 1.75 guaranteed differntl.
Skipton	7.75	9.00	9.85	Sovereign £10,000+, 9.60 £500-£9,999. Monthly inc. 9.60 min. inv. £2,500. Inst. access no pen.
Stroud	7.75	9.00	9.85	3 months, 9.60 £10,000 , no penalty, no notice
Sussex County	7.75	9.25	7.75	up to £2,499, 8.00 £2,500+, 1 mth.'s notice 9.00
Sussex Mutual	8.25	9.50	9.50	Over £5,000 imm. wdl. Under £5,000 7 days' not.
Thrift	8.40	—	9.40	3-year term. Other accounts available
Town and Country	7.75	8.75	10.00	90 d. not. or pen. No not./pen. if bal. £10,000+
			9.50	7 d. not. or pen. No not/pen. if bal. £10,000+
Wessex	9.60	—	—	
Woolwich	7.75	—	9.30	7-day account, 7 days' notice
			9.55	Monthly Income Account, 28 days' notice
			9.80	90-day account, 90 days' notice/penalty
Yorkshire	7.75	8.75	9.80	Diamond key, 28 days' notice or 60 days' pen.

All these rates are after basic rate tax liability has been settled on behalf of the investor.

UK COMPANY NEWS

Former Imperial executives bid for Cullen's

BY ALEXANDER NICOLL

THREE FORMER executives of the Imperial Group yesterday announced plans to transform the loss-making Cullen's Stores group into a chain of new-look convenience stores.

They have launched a £6.6m bid for the 100-shop concern which has won the backing of the family-dominated Cullen's board, but only 21.4 per cent of voting equity has so far been pledged. The bidders are due to hold talks next week with Mr David Cullen, a former director who speaks for about 20 per cent of the voting equity, who has not yet agreed to the offer.

Cullen's shares returned from suspension after yesterday's announcement and immediately moved substantially above the offer price, indicating speculation that another bid could be in the offing.

One potential contender, however, appears to be out of the running. Mr Lewis Cartier, a former owner of supermarkets who had been holding talks with Cullen's, was understood to have decided that yesterday's offer price exceeded the level at which he would consider a bid.

The three men spearheading the bid quit Imperial Group on Wednesday and quickly raised £9m from a consortium of institutional investors. They have been advised by J. Henry Schroder Wagg and Cullen's advisers are Barclays Merchant Bank.

The executives are Mr Peter Matthews, who had been deputy managing director of Imperial Leisure & Retailing, in which he had executive responsibility for the Finlay's newsagents chain and Arthur Cooper off-licences; Mr David Claxton, who had been responsible for sales of Courage beer to grocery shops and off-licences; and Mr Sheridan Swallow, an accountant.

Trevor Humphries

The three men bidding for Cullen's, Mr Sheridan Swallow (left), Mr Peter Matthews, and Mr David Claxton (right)

The three are respectively chairman, managing director and finance director of a newly-formed company, now called Watling (105) but due to change its name to Cullens Holdings on completion of the offer.

Imperial Group had no comment on the departure of the three men, except to agree with Schroders' statement that they "have had previous experience related to reorganisation of companies whose trading performance has been disappointing."

Cullen's grocery and off-licence chain, concentrated in London and the South-East, had estimated trading losses of £900,000 in the six months ended August 31 1984, before profits from property sales of £640,000.

Cullen's has aimed for an up-market clientele, but suffered growing pressure on margins because of competition and the high costs of servicing its stores, most of which are fairly small. The small size of the stores—apart from five supermarkets purchased from Key Markets—had been seen as a deterrent to potential bidders.

Mr Matthews and his colleagues plan to continue to target fairly high income customers. But they plan to revitalise the group by converting a "significant number" of the shops into convenience stores.

Pioneered in the U.S., convenience stores are open from early in the morning until late in the evening to supply customers' immediate needs without substituting for bulk supermarket shopping. "There is development potential in areas of high discretionary income, and people whose life-styles are demanding on their time," Mr Matthews said.

In the UK, the market leader has been the Southampton-based Sperrings, which now has 55 stores and plans to open another 35 by the end of 1985. Some of its stores are in London's suburbs.

Since May, Mr David Linnell's Neighbourhood Stores group has opened a dozen 7-Eleven convenience stores in London, under licence from Southland Corporation of the U.S. He plans to expand nationwide at a rate of 40 stores per year.

Initial reaction in the retailing trade yesterday was that the Matthews team would face a tough task converting the existing stores and workforce to the new concept. But the convenience store field is one which is seen to have growth potential as supermarkets increasingly abandon central urban areas.

The Matthews team plans to work with the design group Fitch and Co on a distinctive look for Cullens stores. Addison Group, a management consultancy which has worked on the plans, will have a 4 per cent stake in the new company with the three executives holding 11 per cent.

Terms of the bid are 375p in cash for each ordinary voting share against yesterday's closing price of 410p; 275p in cash for each non-voting "A" share, compared with yesterday's 300p close; and 65p for each preference share.

A share alternative—one share in the new company for each £1 receivable under the cash offer—is offered with the proviso that the institutional consortium will continue to hold at least half of the shares to which they have committed. A loan note alternative is also included in the offer.

BAT raises £100m in Eurosterling market

By Maggie Urry

B.A.T. Industries yesterday made a £100m fixed rate bond issue in the Eurosterling market, the largest such issue yet made by a corporate borrower.

The proceeds of the issue will be used to retire an equivalent amount of shorter dated debt—the new issue matures in 1991. B.A.T. has "a continuing programme to achieve an appropriate balance of short and longer term debt for the group, following its acquisition of Eagle Star."

Mr Richard Desmond, B.A.T. group treasurer, said that the acquisition of Eagle Star gave B.A.T. an opportunity to create the right type of debt portfolio and a number of different options had been examined. The Eurosterling issue had been delayed because the market had not been receptive earlier in the year.

Last month BAT arranged a $300m Euronote facility intended to stand as a back-up source of credit to its commercial paper issues in the U.S. He added that the programme was now nearly complete and there would be no more major issues.

The bonds will be issued at a price of £99⅝ per cent and will pay interest at 10¼ per cent, giving a yield almost identical to that on similarly dated UK government stocks. The issue is being lead managed by S. G. Warburg and Bevan. The bonds will be the broker is de Zoete & Bevan.

Al-Fayeds detail acquisition of House of Fraser holding

BY JOHN MOORE, CITY CORRESPONDENT

The Al-Fayed family of Egypt yesterday stressed that they were behind the nominee registration of a 29.9 per cent stake in House of Fraser, the Harrods stores group, which they had acquired from Lonrho for £138.3m two weeks ago.

As speculation mounted about the ultimate beneficial ownership of the shares the Al-Fayeds explained the route by which 46.1m shares in the stores group had been acquired from Lonrho.

The shares were registered in the name of NC Lombard Street Nominees, and House of Fraser, following its usual practice, is seeking formal disclosure of the beneficial owners.

A representative for Mr Mohamed Al-Fayed said that there was no doubt that Mohamed, Ali and Salah Al-Fayed are the owners of the shares purchased in House of Fraser.

A certificate of incorporation of Alfayed Investment and Trust (UK), through which it was said that the shares had been bought, is expected to be received next week. House of Fraser were informed on November 7 that Mohamed, Ali and Salah Al-Fayed were the owners of the House of Fraser shares.

According to an Al-Fayed representative the 46.1m shares in House of Fraser were sold by Lonrho on November 2 and were bought by Precis (317). Precis resolved on November 2 to change its name to Alfayed Investment and Trust (UK).

The certificate of incorporation on the change of name is expected to be available from the registrar of companies early next week.

The instruments of transfer were, at the instance of Precis (317), made out in favour of NC Lombard Street Nominees. Precis (317) received on November 2 a declaration from NC Lombard Street Nominees that the 46.1m shares, when registered would be held for Precis (317).

House of Fraser was notified on November 7, in accordance with companies legislation, that Precis (317) was interested in 46.1m shares and that Mohamed, Ali, and Salah Al-aFyed were interested in the shares.

Samuel Montagu forms link with U.S. composite

Aetna Life and Casualty, the largest U.S. quoted insurance composite, is linking up with merchant banker Samuel Montagu, to penetrate the UK life market early next year.

The new company, Aetna Montagu, with an initial capital of £5m, held 60 per cent by Aetna and 40 per cent by Montagu, has applied to the Department of Trade and Industry for authorisation to transact life and pensions business. It is hoping to get approval from the Department in time to start operations in January.

Aetna, rather surprisingly, has little presence in UK general insurance and its recent efforts to establish itself in the UK life field through acquisition of an existing insurance company failed.

It showed interest in Crusader Insurance when it was up for sale last year, which ultimately went to another major U.S. insurance group CIGNA, as well as Cornhill Insurance and Target Life, without success.

So now Aetna has decided to start from scratch with a new life company linking up with Montagu, in which it has a 40 per cent holding.

The new company will operate from Islington, North London, with Mr Harry Kinlock, previously with Liberty Life, as managing director.

Mr Trevor Raper, the marketing director for Aetna Montagu, says the company intends to do test marketing in January, with a £750,000 direct response campaign and promotion to insurance intermediaries of unit linked life and pension products backed by the latest computer hardware in the following month.

The new business plan submitted to the DTI places an upper limit of £20m of single and £3m of annual premiums in the first year of operation. The investment will be handled entirely by Montagu.

The new company is likely to join the proposed Association of British Insurers when it is formally established in the middle of next year. It will not be joining the Registry of Life Assurance Commissions unless forced by Government action, though Mr Raper claims that he will be paying below the maximum Registry rates.

Edwardes lines up Dunlop reorganisation

By Ray Maughan

Sir Michael Edwardes, new chairman and chief executive of Dunlop Holdings, has put in place senior line management organisation designed to take the group through a forthcoming financial re-construction, the sale of its UK and European tyre interests and its redeployment as a continuing consumer and industrial products group.

There is no indication as to when the reconstruction will be implemented or which of the major overseas assets will be sold as part of the reconstruction. The group is being divided into seven "profits centres to enable Dunlop's non-tyre business to grow profitably.

The new groupings are: Dunlop Slazenger, sports goods operations which Sir Michael himself will head pro tem; Dunlop Consumer; Dunlop Engineering International; Dunlop Industrial; Dunlop Tire and Rubber Corporation, U.S. subsidiary; Dunlop South Africa, quoted tyres, industrial and consumer products operation; and Dunlop Overseas which will be responsible for all other overseas companies.

Great Portland Est.

Net revenue before tax at Great Portland Estates, property investment company, rose from £7.52m to £8.29m in the six months to September 30 1984. The interim dividend is unchanged at 1p and will again absorb £1.41m—last year's total was 5.5p from net pre-tax revenue of £15.04m.

Comtech's research costs doubled at £1.9m

DOUBLED RESEARCH costs and lower earnings from commercial activities have resulted in a higher first half attributable loss of £479,000, against £22,000, at Combined Technologies Corporation.

Research costs over the six months to end-September 1984 amounted to £1.88m compared with £928,000, while profits from commercial operations dipped from £1.5m to £1.4m due to a downturn in the second quarter.

At the three months stage, Comtech's losses were reduced from £361,000 to £67,000, reflecting higher commercial profits of £931,000 (£681,000) and a £1.01m gain from the Mnemos rights issue — research costs totalled £998,000 (£407,000). In the first half there was a total £2.26m (£1.04m) gain from the rights issue.

Mnemos, which is 63 per cent owned by Comtech and which has a quote on the USM, incurred a first half attributable loss of £2.26m compared with £1.64m. The loss was struck after adding interest recivable of £352,000 (£342,000) and minorities of £1.37m (£0.55m).

Comtech's commercial activities — automotive, hardware wholesaling, control systems, and travel—attained their profits on turnover of £103.18m (£109.5m). Interest payable amounted to £1.27m (£1.56m).

Mr James Longcroft, group chairman, says the last few months have been most encouraging for Laserstore, the optical tape venture, which is expected to offer computer users an "extremely inexpensive" back-up and archiving system when launched on the market in 1986.

The chairman says that the appointment of Mr Thomas Towers as president of Mnemos has accelerated efforts to take advantage of the increasing market acceptance of System 6000.

This acceptance, says Mr Longcroft, was recently demonstrated when Comtech concluded an agreement with the Sperry Corp, *whereby Sperry will market its* system to the U.S. military.

The System 6000 workstation as been passed from engineering to manufacturing where limited production will start this month to support current pilot installations.

● comment

Despite the deepening losses, Comtech's promises of jam tomorrow look just a little closer to being realised. Mnemos's marketing deal with Sperry is insignificant in revenue terms, but it does indicate that the System 6000 workstation is being taken seriously. But whether Mnemos has the resources to service a large number of spin-off orders without further financing is less certain. The same is true of the parent group. The doubled R & D bill chiefly relates to the Laserstore and Plasmon memory products, which are even further than System 6000 from commercial viability. The board is looking at several options, including joint partnerships and private financing through the venture capital industry, although another rights issue is understandably low on the list. The commercial division, meanwhile, is looking less of a sturdy cash cow as the Ford dealerships' margins come under pressure from an oversupply of new vehicles. It probably represents 20p of the 32p share price, but clearly cannot generate enough revenue to pull Comtech through the development stage under its own steam.

New deadline for Midland's U.S. holding

By David Lascelles, Banking Correspondent

THE Federal Reserves Board has agreed to give Midland Bank more time to reduce its 20 per cent stake in European American Bank, the New York-based consortium bank.

The deadline has been extended from last October 10 to next October 15. The decision to extend was taken at the beginning of last month but only announced yesterday.

Midland had to reduce its ownership of EAB as a condition to buy Crocker National Bank of California. Last summer, it said it had initiated talks with other members of the EBIC consortium which owns EAB to cut the stake to 5 per cent or less.

However, these talks have proved more difficult than expected, and Midland indicated to the FRB that it would not be able to clinch a deal by the original deadline.

The FRB is also permitting Midland to keep the additional shares it acquired last summer when EAB's owners were called on to make a capital injection after it suffered loan losses.

Berkeley and Hay Hill injection

TWO of the most recent arrivals on the board of property group, Berkeley and Hay Hill Investments, are injecting their private development and contracting interests into the business and underwriting a £1.7m rights issue themselves.

Mr Clive Smith, the chairman of Petranol, the recently floated exploration group, and Mr David Fitzgerald, joined Berkeley in April and took an aggregate 16.7 per cent.

They are now selling their Stoke-on-Trent based development and contracting company, Fitzgerald Group, to Berkeley in exchange for 24.43m ordinary Berkeley shares. Their joint holding on completion will be 41 per cent. The Takeover Panel has waived the normal condition which requires a full bid.

Berkeley shares fell 1p yesterday to 11½p, and the pair are underwriting a £1.7m rights—the second cash call in 20 months—at 10p per share on a four-for-seven basis.

Fitzgerald Group is being acquired at about asset value of £2.43m and its profits before tax and extraordinary items in the year to November 30, 1983 were £76,000.

Berkeley has been through several changes of management since it came to the market through an introduction almost two years ago, and this time last year the group was in the process of accepting a bid from Promotions House.

Espley Trust may consider legal action

Investigations launched by Espley Trust early last month into the acquisition of properties in Scotland have reached an advanced stage and, although they will not be completed for another three or four weeks, it is expected that the group will be taking legal action.

Proceeding under the advice of leading counsel, the investigation was started by the chairman, Mr Ronnie Aitken.

Currys outlines defence strategy on video tape

BY RAY MAUGHAN

Currys has sent its 4,000 shareholders a 10 minute video tape demonstrating its "strategy for continued growth" as the latest line *in its defence against* the unwanted offer from Dixons.

Mr Terry Curry, the managing director, explained yesterday that the group uses video a lot in its promotional and training organisation and said that "it is very good medium of communications."

The video, which can be wiped clean and re-used once the message has been transmitted, takes further the technology used by Brooke Bond in its defence against Tate & Lyle earlier this year when its shareholders all received an audio cassette.

Dixon's offer reaches its next closing date next Friday and the bidder, headed by Mr Stanley Kalms, announced yesterday that it controls 10.9 per cent of its target after further market purchases. Its maximum at this stage is 15 per cent.

The main thrust of Currys' financial arguments for independence will be published early next week.

Rank reviews £55m stake in U.S. telephones

BY MARTIN DICKSON

Rank Organisation is reviewing its 30.5 per cent stake in Telecom Plus International, U.S. telephone equipment business. This includes the possibility of selling the holding, which has a market value of some $70m (£55m).

Mr Douglas Yates, finance director of the leisure, office equipment and film group, said last night: "We are reviewing all of the alternatives open to us, and one of those alternatives is to sell."

Rank holds 7m shares in Telecom Plus, which sells and installs business telephone systems. Its shares, traded on the over-the-counter market, closed on Thursday night at $10¼.

Rank has been carrying out a major asset disposal programme over the past year under a new management team brought in following pressure from institutional investors, who were concerned with the company's lack-lustre performance.

Last month the company sold a portfolio of investment properties to British Land for £68m.

Bank of Ireland acquires instalment credit company

Bank of Ireland Finance (BIF) has acquired NIIB, the Northern Ireland-based group of instalment credit companies, which has been the subject of rumours about its financial position.

BIF is a wholly-owned subsidiary of the Bank of Ireland. No price for the purchase has been disclosed.

NIIB has assets of over £40m and made pre-tax profits of £1m for the year to June 1984.

It is not clear what were the difficulties facing NIIB but it clearly suffered a loss of depositor confidence recently after reports that it was facing demands *from* the tax authorities.

NIIB has seven branches in Northern Ireland and subsidiary companies have branches in Dublin, Manchester and Bradford. It also has a licensed bank in the Isle of Man.

The acquisition will add consumer credit business to the Bank of Ireland Finance's existing involvement in the industrial instalment credit field, and the bank said it was confident it could maintain the recent growth in NIIB's trading profits.

SUMMARY OF THE WEEK'S COMPANY NEWS

Take-over bids and deals

UK advertising agency **Saatchi and Saatchi**, which last month acquired two New York-based research specialists for $15.15m, took a further major step away from its mainstream advertising operations this week with the $100m (£79m) purchase of Hay Group, a U.S.-based management consultancy firm. The deal was financed by a placing of 10.4m new Saatchi and Saatchi shares in the London market which raised £79.5m.

Having failed to acquire greetings card concern W. N. Sharpe earlier this year when its bid was topped by Hallmark Cards, **Octopus Publishing** has turned its attention to something closer to its own business—book distribution. It launched a £21m offer for **Websters Group**, which markets about a quarter of the paperbacks sold in Britain. The bid is agreed by the Websters directors and, following pledges from Investors in Industry and funds managed by Rothschilds, Octopus can speak for 44.3 per cent of the equity. The terms of the offer are one Octopus share plus 545p cash for every ten Websters shares.

Scottish Heritable Trust raised the cash element of its shares and cash bid for **Hoskins and Horton** from 65p to 105p and included for the first time a full cash alternative of 255p, but still failed to win the latter over. H & H point out that the cash alternative is still significantly below its current market price.

Motor vehicle distributor **T. C. Harrison** is returning to the private sector via an agreed £16.7m offer from a newly-formed company, T. C. Harrison Group which is being fronted by three Harrison directors. These directors and their immediate families speak for 37.1 per cent of T. C. Harrison's equity and are bidding 74p per share cash for the outstanding 62.9 per cent. The independent directors of Harrison, none of whom is interested in the new company, recommend acceptance.

In a similar vein, the Iliffe family is returning publishing and printing group **BPM** to private ownership. BPM, which owns the Birmingham Post and Mail as well as other provincial newspaper interests, is already controlled as to 62 per cent of the variously classed shares, accounting for 81 per cent of the votes, by the Iliffes through private investment company Yattendon. The terms, which value BPM at £26.7m, consist of 670p per ordinary share, 167.5p per "A" share, and 162.5p for "B" shares.

Shareholders in troubled property concern **Epsley Trust** heard the worst on Wednesday when, as expected, Mr Ron Shuck's Consult International announced that it would not be pursuing its intimated 35p per share bid for the company. Negotiations between the two companies have been terminated and Espley's share price, up to 97p earlier in the year, now languishes at 17p.

Japan Assets Trust made an agreed offer for **Anglo Scottish Investment Trust** based on the latter's net asset value. Shareholders representing 57.2 per cent of the Anglo Scottish equity have irrevocably undertaken to accept. JAT is financing the bid through the issue of 31m new ordinary shares, a fixed number of warrants to subscribe for 6.2m JAT ordinary shares and a fixed amount of £7.8m nominal 4½ per cent convertible stock 1994, with the balance payable in cash. The deal values Anglo Scottish at around £53m.

Mr Ian Wasserman's steel stockholding group **G. M. Firth** added a new twist to the current takeover battle being fought by **British Syphon Industries** and **East Lancashire Paper**. Firth acquired a 9.24 per cent stake in East Lancs, which this week rejected BSI's increased £4.8m offer.

Company bid for	Value of bid per share**	Market price**	Price before bid	Value of bid £m's**	Bidder
Prices in pence unless otherwise indicated.					
Advance Services	127½	131	123	5.11	RET
Anglo Scot Inv	¶¶	156	156	¶¶	Japan Assets
Atlanta Inv	114½	113	91	6.45	Grovebell
Bath & Portland	241§ §§	282	225	38.34	Beazer (C. H.)
BPM 'A'	167½*§	165	128	1.12	Yattendon Inv Tst
BPM 'B'	162½*§	163	128	8.76	Yattendon Inv Tst
Bridgewater Ests¶	322§§	310	280	17.39	Peel Holdings
Cullen's Strs Ord	375*	410	365††	3.75	Cullen's Hldgs
Cullen's Strs 'A'	275*	300	260††	275	Cullen's Hldgs
Currys	432½§§	496	311	229.40	Dixons
East Lancs Paper	85§	95	60	3.70	British Syphon
Glanfield Lawrce	49½*§	54	49	3.60	Gregory Secs
Gordon & Gotch	140*	140	122	6.40	Hrld & Wkly Tms
Hanson, T. C.	74*	71	49	16.7	Harrison T. C. Grp
Hayters	170*§	185	125††	1.95	Tomkins F. H.
Hoskins & Horton	267§ §§	265	188	5.16	Scottish Heritable
Johnsn Grp Clnrs	410*	448	363	44.41	Nottingham Mftg
Kent (M. P.)¶	80‡§	77	67	34.32	Beazer (C. H.)
Reliance Ind	38	36	25	2.98	Corah
Romal Tea	£10*§	£11	530	1.95	Williamson
Small & Tidmas	77½*	74	70	0.93	Swiss Net
Waddington (J.)	500*§	555	463	33.49	BPCC
Websters Group	139§§	138	90	17.52	Octopus Publshg

* All cash offer. † Cash alternative. ‡ Partial bid. § For capital not already held. ¶ Unconditional. ** Based on November 16 1984. †† At suspension. §§ Shares and cash. ¶¶ Related to NAV to be determined.

Rights Issues

Equipu—To raise £1.53m through a one for four rights issue of 1,166,813 shares at 143p per share.

PRELIMINARY RESULTS

Company	Year to	Pre-tax profit (£000)		Earnings* per share (p)		Dividends* per share (p)	
Bellway	July	4,040	(3,660)	14.9	(17.8)	7.0	(7.0)
Burtons	Sept	56,400	(39,100)	21.1	(16.6)	6.5	(5.0)
Clyde Blowers	Aug	70	(290)	12.5	(21.9)	6.8	(6.8)
Common Bros	June	20,080L	(2,160)	—	(25.5)	—	(1.0)
Gleeson, M. J.	June	1,790	(958)	25.4	(24.7)	4.95	(4.5)
Kwik Save Disct	Aug	31,770	(27,400)	11.7	(9.4)	4.1	(3.5)
Loras Industries	July	32,600	(2,100)	17.8	(—)	8.6	(8.6)
LWT Holdings	July	10,500	(5,350)	30.7	(23.6)	14.4	(11.05)
Maynards	June	1,460	(1,050)	16.3	(14.7)	11.75	(9.75)
Nw Cavendish Est	June	63	(132)L	—	(—)	1.2	(1.0)
Saatchi & Saatchi	Sept	20,000	(11,236)	41.8	(25.0)	13.24	(8.4)
Smiths Ind	Aug	36,160	(26,840)	40.6	(33.4)	14.0	(11.5)
Stewart Nairn	June	788L	(1,070)	13.6	(9.1)	—	(—)
Wade Potteries	July	1,200	(730)	8.8	(4.3)	2.5	(2.2)

INTERIM STATEMENTS

Company	Half-year to	Pre-tax profit (£000)		Interim dividends* per share (p)	
A & M Hire	July	419	(360)	—	(—)
Amersham Intl	Sept	8,000	(6,452)	2.2	(1.9)
Aquascutum	June	242	(195)	0.75	(0.75)
Audiotronic Hldgs	Aug	231L	(123)L	—	(—)
Compsoft Hldgs	Sept	341	(258)	—	(—)
De La Rue	Sept	17,690	(14,220)	8.25	(6.6)
Elliott, B.	Sept	167	(1,950)L	0.1	(0.1)
Ferguson Ind	Sept	2,860	(2,810)	2.5	(2.5)
Foster, John	Aug	21L	(20)	0.5	(0.5)
Futura Hldgs	July	175L	(14)	1.88	(1.5)
Geers Gross	June	783	(636)	2.0	(2.0)
GEI International	Sept	1,310	(856)	1.94	(1.76)
Goldberg, A.	Sept	762L	(353)	0.5	(1.29)
Graig Shipping	Sept	625	(111)	5.0	(2.5)
Hill Samuel	Sept†	13,230	(10,800)	3.25	(3.0)
Hunting Gibson	June	304	(725)	2.0	(2.0)
Johnson Matthey	Sept	9,400	(15,200)	—	(3.0)
Land Securities	Sept	45,400	(41,800)	2.6	(2.36)
LEP Group	June	3,110	(864)	1.25	(0.8)
LCP Holding	Sept	3,820	(3,352)	1.8	(1.8)
Lloyd, F. H.	Sept	307	(406)	—	(—)
Moss, Robert	Sept	922	(710)	0.9	(0.8)
Oxford Inst	Sept	2,310	(1,800)	0.4	(—)
Plessey	Sept	80,670	(80,930)	—	(—)
Polymark Intl	June	171	(36)L	—	(—)
Prem Cons Oil	Sept	2,370	(690)	—	(—)
Regalian Prop	Sept	835	(439)	0.85	(0.75)
Renold	Sept	1,400	(2,600)L	—	(—)
Ruddle, G.	Sept	472	(420)	1.25	(1.25)
Slaters Food Prod	Sept	251	(282)	0.9	(0.9)
Slingsby, H. C.	June	125	(61)	1.0	(0.6)
Small, JC: Tidmas	June	35L	(96)L	—	(—)
Staveley Ind	Sept	2,360	(2,010)	4.5	(4.5)
Tesco	Aug	30,300	(25,000)	1.75	(1.5)
Valor	Sept	2,010	(1,350)	1.24	(1.07)
Wlkr. Crossweller	Sept	1,740	(1,480)	—	(—)

(Figures in parentheses are for the corresponding period.)

* Dividends are shown net pence per share except where otherwise indicated. † Net taxed profit. L Loss.

Offers for sale, placings and introductions

Access Satellite International—Offer for sale by tender of 3m shares at a minimum price of 150p per share.

Applied Computer Techniques is to raise £12.8m by placing 30 per cent of Apricot Inc and offering for subscription 51 per cent of same.

Biofuels—Raising £500,000 through a placing of 500,000 shares at 100p.

London and Associated Investment Trust—Issue of £580,000 10¼ per cent convertible debenture stock 2010 and £420,000 10¼ per cent non convertible debenture stock 2010 at 98p per £1 nominal.

Spring Ram Corporation—Raising £1.96m by placing 1.5m new 10p shares at 173.5p per share.

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corresponding div.	Total for year	Total last year
Anglo Nordic ....int.	0.4	Jan 14	0.4¶	—‖	1.4¶
Black Arrow ....int.	1.5	Jan 2	1.25	—	3.5
G. T. Global ....int.	0.75	—	0.78	—	2
Headlm. Sims Cggns. int.	1	Dec 7	1.4	—	3
R. Smallshaw ....int.	0.75	Jan 2	0.5	—	1.75
Stocklake Hldgs	9	Dec 19	9	12	12
Whitbread Inv. ......int.	2.17	Jan 11	1.94	—	5.9

Dividends shown pence per share net except where otherwise stated.

* Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ USM stock. § Unquoted stock. ¶ For 16 month period. ‖ Final of 1p minimum forecast.

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RESULTS DUE NEXT WEEK

Whitbread is currently the City's favourite brewer, popular not just for its beer, but also for an aggressive expansion plan which has cost £203m on acquisitions in the past two years. The interim results for the end of August, due on Wednesday, should show some of the return on this investment which has been concentrated on the retail division. In particular, there will be the first contributions from the Ashe and Nephew off-licence chain bought in January and the Henekey Inns steak houses acquired in April. The brewing division has been cutting costs to improve profitability but sales this summer were not as strong as last year. Drinkers, it seems, have grown used to the hot weather. Overall the group should make about £57m to £58m, up from £50m last year.

Boots' shares have had a strong run in recent months, sparked off initially by take-over rumours and firmly supported by evidence of profits growth which should be apparent when interim figures for the six months to the end of September are published on Thursday. The City is expecting to see £72m to £75m pre-tax, against £56.4m, excluding property profits. Retail profits will be inflated by a £6m payment from the DHSS to offset an underpayment on prescription sales last year. Sales have been reasonably bouyant, benefiting to some extent from the steady re-organisation of Boots' huge chain of outlets. In the industrial division, the best performance will come from pharmaceuticals in the U.S., where the well-publicised price-cutting on drugs did not come until July.

Metal Box is expected to turn in only a small improvement in taxable profits when it reports on the first six months to September on Tuesday. Adjusting for the restructuring of the former Metal Box South African subsidiary and other accounting changes, the group total should rise from £29.6m to £32m at the most optimistic estimates. Volumes have been slack in the UK, although there are still productivity gains to come through. Import problems in Nigeria and MBSA's change to associate status could wipe out the African subsidiaries' contribution. The U.S., meanwhile, has experienced temporary plant disruptions due to the introduction of new capacity just as sales to Latin America have been hit by the region's economic problems. Earnings, however, will advance more strongly than profits because of reduced minority charges associated with MBSA changes. There is scope for an increase in the dividend from 5.81p to perhaps 6.5p net.

The market is unclear about what to expect from Tricentrol's third quarter figures to September, due on Thursday. The company is in the not unfamiliar position of suffering a decline in production from mature North Sea assets (Thistle), and having a while to wait for the full benefits of the Wytch Farm consortium. There should be a substantial benefit this quarter, though, from the sale of the group's onshore U.S. interests, and the one part retained—the Montana gas fields — has been increasing production. In addition, of course, the strong dollar will give rise to translation benefits. But against net income last year of £7.3m, forecasts range very widely — from little over £6m to a top end of close on £8m.

Tuesday sees some statements from Mercury Securities, parent of merchant bankers S. G. Warburg, and quoted gilts jobber Akroyd & Smithers, which recently agreed to upgrade their relationship to a full-blooded merger along with stockbrokers Rowe & Pitman and Mullens, the specialist in British Government securities. No great surprises are expected, as both company's trading positions were disclosed at the time the announcement of the multiple marriage was made last month. In Mercury's case, there will only be an interim statement; it does not report half-time figures or pay an interim dividend. It has already indicated that profits are similar to the previous comparable period in a year which produced attributable income of £20.6m. It is unlikely the company will add much more.

Last month's announcement also gave a pretty good indication of the position at Akroyd, which has been suffering from the difficult trading conditions in the gilt edged market. There will be a small profit in the second half of perhaps £1.5m to give a full year out-turn of £9.3m pre-tax, against £16.1m last time. There are some worries about whether the company will maintain the interim dividend.

A more than doubling in taxable profits from £3.1m to around £7m is expected from Chloride Group when it reports on the first six months to September on Friday. The improvement, however, comes from a very low base and is still miles short of chairman Sir Michael Edwardes' ultimate annual target of £30m. Volumes should be broadly unchanged, since demand from the car industry in particular has been flat. But margins should widen thanks to continued cost-cutting, the first impact of the torque starter battery as it starts to replace older models, and the absence of the preceding interim's strike at Manchester. A preference dividend is expected in line with the group's predictions in the summer, but ordinary shareholders are likely to have to wait another 15 months or so before they can look for a payout.

Company	Announcement due	Dividend (p)* Last year Int.	Last year Final	This year Int.
FINAL DIVIDENDS				
Akroyd and Smithers	Tuesday	4.0	12.5	4.0
Australia & New Zealand Banking Grp.	Monday†	12.2727	14.0	15.0
Concentric	Monday	1.21	2.1	1.27
Diploma	Tuesday	1.5	6.0	2.5
Fulcrum Investment Trust	Thursday	2.1	2.9	2.2
Higsons Brewery	Thursday	0.4	3.05	0.4
Marine Adventure Sailing Trust	Wednesday	—	—	—
New Court Trust	Tuesday	4.125	9.825	—
Northern American Trust	Tuesday	1.4	4.0	1.4
Scottish Investment Trust	Wednesday	1.7	3.0	1.7
Swindon Private Hospital	Monday	—	—	—
Union Steel Corpn (of South Africa)	Tuesday†	—	3.0	—
INTERIM DIVIDENDS				
Alva Investment Trust	Thursday	3.5	4.5	
ASEA AB	Wednesday‡	—	5.0	
Associated Heat Services	Wednesday	3.3	6.7	
Boots Co.	Thursday	3.0	3.5	
Bulgin, A. F.	Tuesday	0.58	0.77	
Bulmer and Lumb	Wednesday	1.85	2.86	
Burnett and Hallamshire Hldgs.	Thursday	4.0	4.75	
Chapman Industries	Tuesday	2.2	5.8	
Chloride Group	Friday	—	5.0	
East Midland Allied Press	Thursday	0.77	1.5	
Energy Finance & Gen. Trust Holdings	Wednesday	0.8	0.71	
Extel Group	Thursday	1.5	4.5	
Forshaw Burtonwood Brewery	Monday	2.5	5.585	
Feedex Agricultural Industries	Thursday	0.5	0.85	
French Kier Holdings	Thursday	1.45	4.15	
Ganimore American Securities	Thursday	0.6	1.4	
Graves Group	Thursday	0.73333	1.76667	
H.A.T. Group	Tuesday	1.85	1.65	
Heath, C. E.	Tuesday	5.25	11.75	
Hunter Saphir	Thursday	—	—	
Ivory and Sime	Monday	—	2.0	
Jersey General Investment Trust	Wednesday§	5.0	7.0	
Locker, Thomas	Thursday	0.375	0.82	
L R C International	Wednesday	1.15	2.35	
Marlborough Property Holdings	Tuesday	0.2	0.3	
Meadow Farm Produce	Friday	—	1.25	
Mercury Securities	Tuesday	—	11.5	
Merrydown Wine	Thursday	1.0	5.0	
Metal Box	Tuesday	5.81	9.19	
M.K. Electric Group	Wednesday	3.2	8.3	
Murray Technology Investments	Friday	—	0.5	
Powell Duffryn	Thursday	5.0	11.0	
Property Partnerships	Friday	3.0	4.0	
Readicut International	Tuesday	—	1.2	
RTO Group	Wednesday	—	—	
Sketchley	Wednesday	4.1	9.8	
S & U Stores	Thursday	—	—	
Tomkinsons	Friday	—	5.0	
TR Natural Resources Inv. Trust	Thursday	3.5	4.0	
Tricentrol	Thursday¶	—	—	
Walker and Staff Holdings	Thursday	—	1.5	
Wemlord Investments	Thursday	8.0	7.5	
Wedgwood	Friday	2.25	2.5	
Whitbread and Company	Wednesday	1.85	4.4	
Witan Investment Co	Wednesday	1.2	1.36	
Young and Co.'s Brewery	Tuesday	2.5	3.0	

* Dividends are shown net pence per share and are adjusted for any intervening scrip issue. † Cents per share. ‡ Kr per share gross. § Per share gross. ¶ Third quarter figures.

COMPANY NEWS IN BRIEF

Amari, the metals and plastics stockholder, has acquired a 10.3 per cent stake in Plastic Constructions, a supplier of anti-pollution and corrosion resistant equipment.

Amari said last night that the stake was a "long term investment" in an industry—plastics—in which the company was already involved. It was not intending to launch a bid.

Mr. Henry Aron, chairman of Plastic Constructions, said Amari had not been in touch about the stake, and that any bid would be unwelcome. The company had been through two difficult years but the future was now much brighter. Plastic Constructions shares closed at 52p last night, up 2p on the day.

* * *

The chairman of London Weekend Television is Mr Christopher Bland, not Mr John Freeman as reported yesterday.

* * *

The striking price in the offer for sale by tender of Access Satellite International has been fixed at 180p.

At this level, the offer has been oversubscribed two and a half times. The basis of allocations will be announced on Monday.

Access, which has reversed into the USM-quoted property company Morland Securities, makes,

Broker L. Messel offered 3m shares at a minimum tender price of 150p and received 680 applications for 7.65m shares.

* * *

Johnson Group Cleaners launched yet another circular in its defence against the £44m cash bid from Marks & Spencer supplier Nottingham Manufacturing, describing Nottingham's latest letter to shareholders as "frenzied" and its conclusions "manifestly absurd."

It also warned that if Nottingham does increase its terms (they imply a 38p discount to Johnson's 448p closing share price yesterday) the bidder "might well try to buy Johnson shares in the market quickly before we can communicate with you again. However there is no need for you to take precipitate action since any increased bid must be kept open for at least 14 days thereafter."

* * *

Seantronic Holdings reports a sharp increase in pre-tax profits from £118,000 to £303,000 for the six months to the end of September, 1984. A first interim dividend of 0.7p is declared against a single payment of 1p in the last full year. The company, which makes electronic digital communicators and receivers for the UK and European security

BASF pre-tax profits up 75% after nine months

BY JOHN DAVIES IN FRANKFURT

BASF, the West German chemical group, has boosted world-wide pre-tax profits to DM 1.84bn ($621.6m) in the first nine months of this year, a hefty 75.6 per cent increase on the same period of 1983.

Its world sales revenue, including all companies in which it has at least a 50 per cent stake, rose 16.1 per cent to DM 31.97bn.

Dr Hans Albers, the chief executive, said that BASF was optimistic about the coming year, although sales were unlikely to show the same dramatic rate of growth because of the high level of output already achieved.

With sales and capacity utilisation improving, all of the "big three" chemical concerns in West Germany—Bayer, BASF and Hoechst — have been sharply increasing their earnings this year, aided by restructuring measures to deal with problem areas in recent years.

Earlier this week, Hoechst reported a 60 per cent increase in group world-wide pre-tax profits to DM 2.12bn on sales 12.6 per cent ahead at DM 30.82bn in the first nine months of this year.

Dr Albers said that markets abroad, especially the U.S., had given strong impetus to BASF. Sales at the group's North American operations were running as much as 30 per cent ahead of last year in terms of D-marks, with the favourable exchange rate accounting for about a third of the increase.

He said that BASF was continuing to put more emphasis on highly developed products, including specialised engineering plastics, as part of its efforts to improve its profitability.

Commodity plastics, which were a drain on BASF's earnings in the past, were profitable and he saw no acute need for further restructuring measures to reduce capacity.

Dr Albers said that BASF's information systems business had achieved a further strong increase in sales revenue this year. Although video cassette sales had risen sharply, earnings were unsatisfactory because of intense competition, but a new highly-automated plant, recently started up, would greatly reduce BASF's production costs.

● Behringwerke, a subsidiary of Hoechst of West Germany, and Polaroid of the U.S. are embarking on a joint venture aimed at developing new systems for medical diagnosis.

Research teams will work together at Polaroid's laboratories in Cambridge, Massachusetts, combining the U.S. company's film technology with the West German company's diagnostic know-how.

Bekaert gives furniture unit to managers

By Paul Cheeseright in Brussels

BEKAERT, the Belgian wire group, has cut its losses in local furniture manufacturing, by giving away its Beka subsidiary to the management and providing BFr 225m ($3.75m) to restore the company's capital structure.

Bekaert had purchased the company almost by chance before World War II. Beka then was a significant customer of Bekaert but ran into financial trouble, and Bekaert rescued it to preserve the market. However, in recent years, the wire group has been seeking to concentrate more and more on its industrial interests.

Beka has been given four capital injections by Bekaert in the past two years, and has already made provisions in its accounts for the final capital injection. The furniture company ended 1983 with a deficit of BFr 47m.

The immediate reason for the disposal is the collapse of an agreement Bekaert had with Simmons International, part of the Gulf and Western Industries conglomerate in the U.S.

Simmons took over the management and a 40 per cent stake in Beka during February 1983, but last month it withdrew from the arrangement.

Mannesmann's overseas sales increase by 51%

BY RUPERT CORNWELL IN BONN

MANNESMANN, the West German engineering group, is expecting a recovery in profits this year, amid notable improvement in most of its main operating divisions, with the exception of pipes.

Group sales in the first nine months jumped by 11 per cent to DM 10.6bn ($3.6bn). The strongest showings were registered by the concern's foreign subsidiaries, whose sales soared by 51 per cent to DM 3.63bn, and by exports from West German members of the Mannesmann group.

These climbed by almost a quarter to just over DM 5bn, and helped lift the share of foreign business in overall sales to 69 per cent in the first three 1984 quarters from 60 per cent in the same period of last year.

Mannesmann warned, however, that the orders improvement in the pipelines division achieved since March would not be maintained.

On the other hand, Demag, its heavy engineering subsidiary which has endured two difficult years, lifted its orders by 20 per cent, while its plant engineering business grew by over 30 per cent.

Brighter outlook for MAN

BY JONATHAN CARR IN FRANKFURT

AFTER SHARPLY cutting its loss in 1983-84, Maschinenfabrik Augsburg-Nurnberg (MAN), the troubled West German truck maker and engineering concern, expects to be out of the red this year (to June 30 1985).

MAN said new orders had picked up strongly in the first quarter of the new financial year, and most of the costs of its major restructuring programme had already been met.

Last year MAN exceeded its aim of cutting the 1982-83 operating loss of DM 225m ($76.3m) by more than a half. But the company also faced an extra bill of DM 133m for social payments as it cut its workforce, and lost another DM 35m through the metalworkers' strike in the spring.

Despite dipping into reserves, MAN thus showed a net loss last year after taking into account these extraordinary items of DM 112m, down from DM 148.2m in 1982-83, on turnover of DM 5.5bn.

CRA seeks to buy out minority in Hamersley

By Our Sydney Correspondent

CRA, THE Australian mining house in which Rio Tinto-Zinc has a 52.9 per cent stake, is offering A$131.9m (US$113m) to buy out the mostly Japanese minority shareholders in Hamersley Holdings, its 93.75 per cent-owned iron mining offshoot.

CRA first moved to mop up outstanding shareholders in its then majority-owned offshoot in 1981, but eight big Japanese shareholders, made up of six steel mills and two trading houses, refused to sell, along with 600 small shareholders. The mills and trading houses hold 6.19 per cent of Hamersley.

CRA is offering A$8.70 a share for the 15.18m Hamersley shares it doesn't already own, a move designed to give the company greater cash flow, tax benefits and financial management flexibility.

Hamersley has developed as a virtual banker to the CRA group with its comparatively debt-free balance sheet, high cash balances and the powerful cash flows from its iron ore mining business.

Recent tax changes will now allow CRA more freedom to offset losses in one subsidiary against taxable earnings in another and to write off exploration spending against earnings from any source.

As an iron miner meanwhile Hammersley is heading for sharply higher net earnings for 1984 than the A$89.9m of last year. Ore shipments after nine months are 22 per cent ahead at 29m tonnes, and first half profits up A$5m to A$45.5m.

● Mitsubishi and Mitsui, the Japanese trading houses, have signed heads of agreement to take a joint 16⅔ per cent stake in the second export phase of the Australian North West Shelf gas project, Reuter reports from Melbourne.

The agreement, which was expected, will lapse on March 31 next year if by then government approvals, a sales deal with Japanese buyers and other details are not completed.

Woodside Petroleum is operator for the project with a one-sixth share in the export phase. The other partners in the export phase are Chevron, Broken Hill Proprietary, Shell, and British Petroleum.

Westpac lifts income, plans rights issue

BY LACHLAN DRUMMOND IN SYDNEY

WESTPAC BANKING, Australia's biggest bank, lifted its net earnings by 38 per cent from A$222.2m to a record A$305.9m (U.S.$263m) in the year to September 30, and plans a A$252m one-for-four rights issue.

The sharp growth in earnings comes almost entirely from improved margins in the group's banking business. Gross interest and commission income rose 6.8 per cent from A$4.58bn to A$4.87bn, outstripping the increase in the group's own funding costs from A$2.64bn to A$2.66bn.

The full-year total comes after National Australia Bank Westpac's smaller rival, achieved a 42 per cent increase in net earnings to A$228m, and follows a 41.5 per cent increase in the first half to A$143.5m. Westpac's second-half contribution was up on both last year and the first-half performance at A$162.5m. The results generally reflect improved money market conditions.

In a break-down of the latest year's figures, Westpac produced profits of A$157.2m (A$105.45m) from its trading bank, A$41.8m (A$23.7m) from its savings bank, A$16.2m (A$6.7m) from property subsidiaries with A$79.7m (A$78.3m) from finance offshoots and A$11.1m (A$8.1m) from other non-banking areas.

Pre-tax group profits came in A$539m against A$397.4m while after extraordinary profits the overall attributable result was A$344m.

The bank gave no specific reason for the big fund raising exercise, although it has been long-expected that it would seek additional capital funds.

The issue price of A$2.50 compares with a recent market quote of A$4 and directors hope to maintain dividend on the increased capital at the 26 cent annual rate established with yesterday's steady final payment of 13 cents a share. Per share profits came to 76.7 cents compared with 55.9 cents.

Chemical Bank drops loan for Storage Technology

BY WILLIAM HALL

CHEMICAL BANK, the big New York bank, has decided not to go ahead with a $150m loans for Storage Technology, the struggling computer equipment company which filed for protection under Chapter 11 of the U.S. bankruptcy code earlier this month.

In a brief statement yesterday Storage Technology said that the loan commitment obtained from Chemical Bank on November 6 had been terminated. The proposed loan, which was conditional on getting the agreement of the bankruptcy court, would have provided Chemical with a "super-priority claim" pursuant to the bankruptcy code which experts said placed Chemical behind secured creditors but ahead of all other unsecured creditors in the line of those to be paid.

Storage Technology refused to comment yesterday on the reasons for the breakdown of the loan negotiations which many analysts feel are crucial to the company's long term survival. The money was designed to enable Storage to move forward in an orderly fashion with its reorganisation.

Storage said that it was having discussions with other financial institutions to obtain the cash infusion required to conduct the company's business during its reorganisation.

Norway bans domestic bond sales to foreigners

BY KEVIN DONE, NORDIC CORRESPONDENT, IN STOCKHOLM

NORWAY HAS banned with immediate effect the sale of domestic bonds to foreigners in a move intended to stem the rapidly increasing flow of foreign capital into the country.

Investors, chiefly from West Germany and Luxembourg though also from Switzerland and the Netherlands, have been attracted to Norwegian bonds by the relatively high interest rates prevailing in Norway and by the stability of the Norwegian krone. The market has developed suddenly since the summer, causing serious concern for the Norwegian authorities.

Individual foreign investors have hitherto been allowed to buy up to NKr 1m of domestic bonds. Foreigns are still allowed to invest in Norwegian shares.

The central bank said that in the seven weeks since the beginning of October, some NKr 3bn ($330m) worth of Norwegian bonds has been bought by foreign investors.

Berlusconi buys insurer

BY ALAN FRIEDMAN IN MILAN

SIG SILVIO BERLUSCONI, the Italian television and construction magnate has bought a Milan-based insurance company. Sig Berlusconi's Fininvest Holding Company is paying L7bn ($3.8m) for Mediolanum, a small insurer specialised in accident policy.

A Berlusconi group executive said last night that the acquisition would help Fininvest to help develop its financial services which include door-to-door sales of share certificates.

Mediolanum last year had L26 billion of premium income of which L25bn came from accident coverage and L1bn from life insurance policies. The company employs 91 staff and has 115 agencies mostly in the north of Italy.

The Berlusconi group of private television stations include Italy's biggest and most successful commercial networks, Canale 5 and Italia Uno. Sig Berlusconi has also been a prominent Milan-based property developer.

Japanese brokers turn in record results

BY ROBERT COTTRELL IN TOKYO

JAPAN'S FOUR leading securities houses yesterday revealed record unconsolidated profits for the year ended September 30.

Nomura Securities declared profits before tax and extraordinary items of Y135.16bn ($558m) an 11 per cent increase over the Y121.54bn earned in 1982-83. Nikko Securities earned Y72.75bn before tax against Y50.69 bn previously, an increase of 43.5 per cent. Daiwa Securities earned Y78.57bn against Y53.17bn, an increase of 47.8 per cent, and Yamaichi Securities earned Y66.48bn, up 63 per cent on 1982-83's Y40.8bn.

On an after-tax basis, the four's net earnings for 1983-84 were: Nomura Y64.4bn (1982-83 Y47.1bn); Nikko Y32.9bn (Y21.1bn); Daiwa Y34.4bn (Y21.1bn); and Yamaichi Y27.9bn (Y17.2bn).

Operating income rose 18.6 per cent for Nomura, to Y395.5bn; 29.7 per cent for Nikko to Y233.6bn; 28.6 per cent for Diawa, to Y248.1bn and 30.3 per cent for Yamaichi, to Y213.89bn.

The "Big four" account directly for more than half the equity trading on Japan's stock exchanges. During the year under review, average daily volume on the Tokyo stock exchange dropped slightly, by 8.3 per cent, but higher share prices meant that the average turnover value rose 9.3 per cent to a record high of Y212.9bn. This increase was reflected in record brokerage commissions for the big four brokers, aggregating Y462.1bn, an increase of 16.1 per cent over the 1982-83 period.

Of the four, Nomura's profits increase was the smallest and the most evenly distributed. Brokerage commissions rose just 1.5 per cent, to Y150.5bn, but financial revenues, reflecting earnings from provision of margin finance, and investment of liquid funds, rose 26.9 per cent to Y77.6bn. Earnings from stock trading fell 18 per cent, to Y3.37bn, while bond-dealing profits rose 10.2 per cent.

Nikko Securities sharply increased its profits from share dealing, to Y6.25bn, an increase of 250 per cent; but earnings from bond dealings were virtually static at Y7.48m. Financial revenue rose 29 per cent, to Y40.54bn, while brokerage commissions rose 20 per cent to Y106bn.

Daiwa Securities' share-dealing profits fell by 56 per cent, to Y444m, while bond-dealing profits also fell, by 19.3 per cent, to Y20.26bn. But the company reported the sharpest growth among the four in financial revenues, up 36.2 per cent at Y47bn, and a 25.4 per cent growth in brokerage commissions, at Y107.52bn.

Yamaichi Securities's brokerage commissions grew fastest, at Y98.1bn, up 29.3 per cent, while profits were also boosted from both stock dealing, up 73.9 per cent at Y1.78bn, and bond dealing, up 5.2 per cent at Y12.2bn.

Nomura Securities announced a Y0.50 increase in its annual dividend, to Y7.50, while the three smaller brokers each adjusted their annual dividend to Y6.50—Daiwa with a Y0.50 cut and Nikko and Yamaichi with Y0.50 increases.

WORLD STOCK MARKETS

NEW YORK

WALL STREET

Early rally fails to hold

LOWER LEVELS developed on Wall Street yesterday when the market failed to sustain an early modest technical rally, despite encouragement from the Bond Market.

After opening 4.53 up at 1,210.69, the Dow Jones Industrial Average came back to 1,204.06 by 1.00 pm, for a net loss of 1.99 on the day and 14.91 on the week. The NYSE All Common Index shed 49 cents to $95.19, making a loss of $1.54 on the week. Declines led advances by a seven-to-five majority in a volume of 64.58m shares, down 396,000 shares compared with 1.00 pm Thursday.

Morton Thiokol, which Thursday shortcircuited a takeover situation with Dow Chemical, declined another $1¼ to $81¼.

Allied Stores were off $2¼ to $48⅞.

General Nutrition, a big loser Thursday, recovered $¾ to $4¼—it was charged earlier this week with violating U.S. Food and Drug Laws.

Airlines were weak, with United Airlines down $1¼ to $40¾ and AMR off $1 to $30¼ in active trading. Wall Street sources says Merril Lynch and Salomon Brothers both commented on Airlines yesterday.

In Over the Counter trading, Thousand Trails fell $6⅛ to $17¼ bid—its merger talks with an unidentified company ended.

Storage Technology led the active list, off $⅛ to $2⅞ on consolidated volume of nearly 680,000 shares.

Unocal, which climbed sharply Thursday on takeover speculation, retreated $1¼ to $42¼ in active trading.

Best Products declined $1¼ to $11¼—the company said its 1984 profits could be about half those of 1983.

Harris Corporation were lifted $2 to $29⅞xd—traders attributed the rise to takeover rumours.

R. H. Macy topped the active list, up $¼ to $42¼. A block of 439,000 *shares* traded at $41⅞.

Best Products fell $1¼ to $11 on its prediction of disappointing earnings in 1984.

THE AMERICAN SE Market Value Index shed 1.03 to 209.65, making a loss of 2.32 on the week. But the trading volume expanded 1.7m shares to 5.08m, compared with 1pm Thursday.

Closing prices for North America were not available for this edition.

CANADA

Stock prices continued on a mixed footing *in light trading* at midsession.

The Toronto Composite Index slipped 2.3 to 2,409.2, Metals and Minerals lost 17.7 to 1997.1 and Golds shed 3.6 to 3665.7. But Oil and Gas firmed 4.8 to 3231.1.

Iron Bay Trust dropped to 39 cents on turnover 28,900 shares—the company said the Griffith Mine in Ontario that Stelco is closing in April has been its Royalty source for 17 years.

Molson "A" held unchanged at $15⅞, despite second quarter earnings of 76 cents ($1.03) per share. It predicted earnings for the full year would also be lower.

TOKYO

An initial advance quickly ran out of steam and stock prices closed mixed, with late profit-taking and liquidation in Blue Chips and "Populars" outweighing buying of Domestic Industry issues.

The Nikkei Dow Jones average *fell 30.17 to 11,271.45 on a volume* of 440m (380m) shares.

The SE Index closed at 856.39, down 0.32, after trading 20m (18m) shares.

International "Populars" and Export-Orientated issues led the *fall on market concern over an* expected decline in exports because of lower U.S. economic growth rate figures, dealers said.

Oils closed lower despite improved business performance in six months ended September 30.

Small-sized Domestic Industry issues were higher although initial uptrends were curbed in the afternoon.

All Nippon Airways rose Y12 to Y419 and JAL climbed Y20 to Y5,550—the Transport Ministry's annual White Paper urged greater use of jets in Regional *transportation*, recommending that more local airports be built, or upgraded.

GERMANY

Mixed, but with some individual sharp gains, after a session which saw higher Corporate results and Industrial figures overshadowed by a continued absence of Foreign investors.

Several High-Tech stocks ended the session sharply higher, with robot maker Iwka up DM 9.80 at 239 on news it intends to take over tank producer Krauss-Maffei in conjunction with aircraft firm Dornier and weapons producer Diehl.

In *Chemicals*, Basf shed DM 0.70 to DM 169.10, despite sharply higher first nine months results in a repeat of the lacklustre reaction to markets earlier this week to Hoechst's report of a large profit increase.

Cars failed to gain from Industry production figures for October showing total German vehicle output is rising back to near last year's levels.

PARIS

French share prices kept their firm trend in fairly active trading.

Observers said they were somewhat surprised by the market's relatively buoyant tone in view of two potentially negative factors: the news that inflation in France rose at a relatively fast clip in October and a forecast by the Bank of France that the growth of industrial output could moderate in the coming months.

Investors were encouraged by Finance Minister Pierre Beregovoy's comment in a magazine interview that companies should raise more funds through share issues.

Gains outnumbered losses 88-to-68, while Foreign shares had 32 gains and 30 losses.

Michelin "B" dipped FFr 24 to FFr 766 following a Reuter report that Michelin signed a FFr 4bn Loan *Agreement*.

In Constructions, SCREG improved to FFr 131 despite lower nine-month parent company net turnover of FFr 42.12m from FFr 48.27m in 1983.

Oils, Electricals, Foods and Beverages were firmer.

Gold Mines, Coppers and Japanese issues were mostly depressed in the International section, while Americans and Germans showed no clear pattern.

SWITZERLAND

Domestic stock prices quietly steady as operators held back on the lack of fresh incentives.

Banks and Insurances showed a firm tone, but no clear trend emerged among Financials and Industrials.

In pre-Bourse dealings Electronic firm Sprecher und Schuh dropped Frs 40 to 850 on news *it will omit the dividend in* 1984.

Engineerings were slightly lower after news the upswing in the Domestic Machinery Industry lost some momentum in the third quarter of 1984.

Swiss Bonds closed very steady.

In Foreign shares, Dollar stocks irregular.

HONG KONG

Mixed after a steady opening, with some late position squaring *ahead of the weekend.*

The Hang Seng Index finished 3.05 down at 1,071.79.

Brokers said the market was featureless, except for rumours that Hk Land, off 2 cents at $HK3.55, had sold its 34 per cent stake in *Hk Electric* at $HK7.20 a share to a U.S. oil company—a spokesman for Hk Land said he had not heard the talk and would not comment further.

New World Development fell 20 cents to $HK3.90 after report*ing a sharp fall in net profit* for the year ended June 30.

AUSTRALIA

Firmer on moderate turnover with Resource stocks attracting support following promising drilling results from the Porgera Gold Mine in Papua New Guinea.

CANADA

Indices

NEW YORK

DOW JONES

	Nov. 15	Nov. 14	Nov. 13	Nov. 12	Nov. 8	1984 High	1984 Low	Since Compil'tn High	Since Compil'tn Low
♦Industri'ls	1205.16	1206.93	1206.60	1218.19	1218.91	1286.64 (6/1)	1086.61 (24/7)	1287.7 (13/11/83)	41.22 (2/7/32)
H'me Bnds	71.54	71.75	71.89	71.82	71.91	71.91 (3/11)	64.81 (25/6)	—	—
Transport.	626.57	525.74	527.28	529.96	536.43	612.63 (3/1)	444.29 (25/7)	612.63 (3/1/84)	12.32 (8/7/32)
Utilities	144.35	143.62	144.55	145.31	145.77	146.39 (6/11)	122.25 (15/6)	163.32 (20/4/69)	10.5 (8/4/32)
TradingVol 000's	81,530	73,940	69,790	55,510	85,620	—	—	—	—

♦Day's High 1214.29 (1215.88) low 1196.54 (1196.98)

	Nov. 9	Nov. 2	Oct. 26	year ago (approx)
Industrial div. yield %	4.79	4.75	4.80	4.46

STANDARD AND POORS

	Nov. 15	Nov. 14	Nov. 13	Nov. 12	Nov. 8	1984 High	1984 Low	Since Comp'tn High	Since Comp'tn Low
Indust'ls	186.54	185.92	189.28	188.03	188.12	191.48 (6/11)	167.74 (24/7)	194.84 (10/10/83)	3.52 (30/6/32)
Comp's'te	165.89	165.99	166.97	167.35	167.60	170.41 (6/11)	147.82 (24/7)	172.65 (10/10/83)	4.40 (1/6/32)

	Nov. 7	Oct. 31	Oct. 24	year ago (approx)
Industrial div. yield	3.95	4.05	3.99	4.01
Industrial P/E ratio	10.89	10.69	10.78	14.18
Long Gov. Bond yield	11.57	11.59	11.59	11.76

N.Y.S.E. ALL COMMON

Nov. 15	Nov. 14	Nov. 13	Nov. 12	1984 High	1984 Low
95.68	95.74	95.78	95.31	98.12 (6/11)	85.13 (24/7)

Rises and Falls

	Nov. 15	Nov. 14	Nov. 13
Issues Traded	1,978	2,007	1,977
Rises	652	659	431
Falls	840	824	1,060
Unchanged	485	524	486
New Highs	(u)	18	24
New Lows	(u)	19	13

TORONTO	Nov. 16	Nov. 14	Nov. 13	Nov. 12	1984 High	1984 Low
Metals & Minerals	2014.8	2022.4	2030.2	2045.8	2524.4 (12/1)	1641.2 (25/7)
Composite	2411.6	2413.7	2412.1	2418.8	2585.7 (6/1)	2079.7 (24/7)
MONTREAL Portfolio	118.96	120.18	118.67	120.29	125.83 (10/1)	100.35 (24/7)

	Nov. 16	Nov. 15	Nov. 14	Nov. 13	1984 High	1984 Low
AUSTRALIA All Ord. (1/1/80)	782.5	778.7	778.4	779.3	787.8 (8/11)	648.6 (11/6)
Metals & Minls. (1/1/80)	475.8	474.8	475.2	478.1	667.4 (5/1)	404.9 (24/7)
AUSTRIA Credit Aktien (2/1/62)	57.56	57.56	57.54	57.41	57.87 (7/11)	53.28 (15/6)
BELGIUM Belgian SE (31/12/63)	160.32	160.80	161.26	161.65	166.05 (25/10)	135.28 (4/1)
DENMARK Copenhagen SE (3/1/83)	170.82	170.65	170.41	170.54	225.61 (20/1)	161.79 (17/10)
FRANCE CAC General (31/12/82)	181.0	180.5	180.4	180.8	188.8 (25/10)	155.5 (3/1)
Ind Tendance (30/12/83)	118.3	119.0	118.3	118.8	119.8 (16/11)	98.4 (3/1)
GERMANY FAZ Aktien (31/12/58)	368.55	369.26	370.60	378.48	378.98 (22/10)	317.17 (25/7)
Commerzbank (1/12/53)	1078.2	1080.1	1088.0	1082.8	1101.5 (22/10)	917.7 (25/7)
HONG KONG Hang Seng Bank (31/7/64)	1071.79	1074.84	1077.85	1095.15	1170.35 (15/6)	746.02 (13/7)
ITALY Banca Comm Ital. (1972)	210.84	211.14	211.99	211.95	229.57 (1/2)	182.68
JAPAN** Nikkei-Dow (16/5/49)	11271.4	11301.6	11320.3	11365.2	11374.1 (5/11)	9703.35 (23/7)
Tokyo SE New (4/1/68)	856.39	856.71	855.95	852.25	873.62 (2/4)	758.46 (4/1)
NETHERLANDS ANP-CBS General (1970)	177.6	176.3	178.0	180.0	182.1 (22/10)	146.6 (25/7)
ANP-CBS Indust (1970)	138.4	137.8	140.5	141.1	147.2 (1/2)	118.7 (16/5)
NORWAY Oslo SE (4/1/83)	284.20	285.28	283.83	285.47	288.70 (8/5)	221.87 (4/1)
SINGAPORE Straits Times (1966)	787.44	804.55	801.70	795.62	1071.81 (8/2)	795.52 (13/11)
SOUTH AFRICA Gold (1958)	1088.3	1055.8	1090.0	1094.4	1099.0 (14/11)	736.1 (24/7)
Industrial (1958)	213.6	219.6	904.2	898.2	1105.6 (25/5)	855.5 (16/5)
SPAIN Madrid SE (30/12/83)	155.31	158.04	157.69	158.28	164.51 (8/10)	102.82 (3/1)
SWEDEN Jacobson & P. (1/1/58)	1671.08	1553.85	1542.39	1558.57	1894.5 (6/2)	1,342.30 (14/11)
SWITZERLAND SwissBank Cpn. (31/12/58)	378.9	377.5	373.2	378.8	388.5 (3/1)	354.5 (25/7)
WORLD Capital Intl. (1/1/70)	—	188.4	186.8	187.5	190.6 (3/6)	164.5 (24/2)

** Saturday November 10: Japan Nikkei-Dow (c). TSE (c).
Base values of all indices are 100 except Australia All Ordinary and Metals—500, NYSE All Common—50; Standard and Poors—10; and Toronto Composite and Metals—1,000. Toronto indices based 1975 and Montreal Portfolio 4/1/83.

NEW YORK ACTIVE STOCKS

Thursday	Stocks traded	Closing price	Change on day		Stocks traded	Closing price	Change on day
Unocal	1,556,100	43¼	+2½	LTV	767,500	10⅛	−⅛
Phillips Petrlm.	1,124,400	44½	+1½	ITT	764,300	26⅞	−⅛
Amer. Express	1,096,700	34⅞	+⅛	Exxon	758,500	43⅞	+⅛
Ohio Edison	967,600	13⅞	—	Merrill Lynch	743,400	[illegible]	[illegible]

NOTES—Prices on this page are as quoted on the individual exchanges and are last traded prices.

CURRENCIES, MONEY and CAPITAL MARKETS

FOREIGN EXCHANGES

Dollar firmer

The dollar finished towards the best level of the day in currency markets yesterday. Once again there was little clear indication of the dollar's short term performance and trading volume was on the low side because of this. The market was also prone to latching on to any economic statistic in order to establish some sort of trend.

However, the dollar appeared to be locked into a fairly narrow trading band since the possibility of central bank intervention to head off any significant appreciation effectively put a top on the market while recent indications of lower U.S. interest rates attracted some sceptisim and limited the dollar's downward potential. The dollar closed at DM 2.9675 from DM 2.9610 and SwFr 2.4520 from SwFr 2.4410. It was also higher against the yen at Y242.80 from Y242.35 and FFr 9.1250 from FFr 9.0875. On Bank of England figures, the dollar's index eased slightly to 139.0 from 139.1, not reflecting the dollar's firmer trend.

Sterling was slightly weaker overall and its Bank of England index eased to 76.4 from 76.5. Against the dollar it slipped to $1.2545-1.2555, a fall of 75 points. It was also lower against the D-mark at DM 3.7200 from DM 3.7425 and FFr 11.42 from FFr 11.4850. Against the yen it eased to Y304.50 from Y305.75 and SwFr 3.07 from SwFr 3.08.

STERLING EXCHANGE RATE INDEX (Bank of England)

	Nov 16	Previous
8.30 am	—	—
9.00 am	76.4	76.6
10.00 am	76.3	76.5
11.00 am	76.3	76.5
Noon	76.3	76.6
1.00 pm	76.3	76.4
2.00 pm	76.4	76.5
3.00 pm	76.5	76.5
4.00 pm	76.4	76.5

£ in New York

	November 16	Prev. close
£ Spot	$1.2555-1.2565	$1.2540-2650
1 month	0.04-0.03 pm	0.05-0.04 pm
3 months	par-0.04 dis	par-0.03 dis
12 months	1.05-1.15 dis	1.03-1.13 dis

Forward premiums and discounts apply to the U.S. dollar.

POUND SPOT—FORWARD AGAINST POUND

Nov 16	Day's spread	Close	One month	% p.a.	Three months	% p.a.
U.S.	1.2535-1.2635	1.2545-1.2555	0.05-0.02c pm	0.33	0.01-0.05dis	−0.10
Canada	1.6550-1.6620	1.6555-1.6565	0.36-0.31c pm	3.83	1.08-0.98pm	3.93
Nethlnd.	4.18¾-4.22½	4.19¼-4.19¾	0.16-0.21c dis	−1.78	0.41-0.46dis	−1.32
Belgium	75.05-75.55	75.05-75.15	1.03-1.00c pm	3.65	3.14-3.11pm	3.7d
Denmark	13.43-13.51	13.43-13.44	4½-5½c dis	−1.00	9-11dis	−0.67
Ireland	1.2005-1.2060	1.2040-1.2050	1.15-1.65ore dis	−1.57	2.75-3.25dis	−3.24
W. Ger.	3.71½-3.74½	3.71½-3.72½	0.98-0.93pf pm	3.87	2.90-2.95pm	3.88
Portugal	202.00-204.00	202.00-203.40	150-450c dis	−22.29	460-1350dis	−22.29
Spain	209.00-209.60	208.00-209.20	53-63c dis	−4.10	145-165dis	−3.73
Italy	2,309-2,325½	2,309-2,310	8.60-9.10lire dis	−5.76	25¼-26 dis	−5.59
Norway	10.92½-10.90	10.82½-10.83½	3.80-4.50ore dis	−3.68	11.75-12.65dis	−3.43
France	11.41½-11.48	11.41½-11.42½	0.85-1.00c dis	−1.22	3.25-3.60dis	−1.51
Sweden	10.70-10.76½	10.70-10.71	1.50-2.00ore dis	−2.48	4.20-4.70dis	−2.09
Japan	304-305	304-305	0.85-0.62y pm	3.17	2.62-1.97pm	3 29
Austria	26.20-26.35	26.22-26.27	3.80-3.30gro pm	2.05	13.00-11.00pm	−2.31
Switz.	3.06½-3.09½	3.06½-3.07½	1.05-0.98c pm	5.01	2.75-2.70pm	d.d7

Belgian rate is for convertible francs. Financial franc 75.20-75 30. Six-month forward dollar 0.21-0.26c dis. 12-month 1.00-1.15c dis.

DOLLAR SPOT—FORWARD AGAINST DOLLAR

Nov 16	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	1.2535-1.2635	1.2545-1.2555	0.05-0.02c pm	0.33	0.01-0.05dis	−0.10
Ireland†	1.0450-1.0565	1.0450-1.0460	0.14-0.23c dis	−1.34	0.52-0.65dis	−1.41
Canada	1.3145-1.3162	1.3145-1.3150	1½-1¼c pm	d.11	4½-4pm	3.78
Nethlnd.	3.3315-3.3475	3.3435-3.3445	1-5c dis	−0.56	11-19dis	−0.80
Belgium	59.67-60.00	59.90-60.00	1½-2½c dis	−1.90	8½-7½dis	−2.10
Denmark	10.69½-10.77¼	10.70½-10.71	0.25-0.40ore dis	−3.24	1.04-1.27dis	−3.67
W. Ger.	2.9625-2.9720	2.9670-2.9680	1½-1¼pf pm	4.43	3¼-3¾pm	3.63
Portugal	161-162	161-162	190-565c dis	−22.05	565-1715dis	−22.50
Spain	166.00-166.50	166.00-166.50	50-70c dis	−3.44	180-215dis	−3.68
Italy	1,837-1,846	1,845-1,846	9-12lire dis	−6.83	31-35dis	−5.71
Norway	8.62½-8.64½	8.63-8.63½	2½-3½ore dis	−3.25	8½-9dis	−3.d2
France	9.0700-9.1255	9.1245-9.1255	1¼-2½c dis	−2.13	3½-3½dis	−1.55
Sweden	8.52½-8.54	8.53-8.53½	1½-2ore dis	−1.96	5½-6dis	−2.12
Japan	242.10-242.85	242.75-242.85	0.85-0.80y pm	3.27	2.03-2.40pm	3.24
Austria	20.83-20.84	20.81-20.84	6½-5gro pm	2.71	16½-13¼pm	2.27
Switz.	2.4370-2.4525	2.4515-2.4525	1½-1¼c pm	5.37	3½-3½pm	d.48

† UK and Ireland are quoted in U.S. currency. Forward premiums and discounts apply to the U.S. dollar and not to the individual currency. Belgian rate is for convertible francs. Financial franc 60.05-60.10. Above average activity was noted in the following stocks yesterday.

OTHER CURRENCIES

Nov. 16	£	$		£ Note Rates
Argentina Peso	168.09-165.38	1,3092-1.3104	Austria	26.05-26.35
Australia Dollar	1.4655-1.4675	1.1620-1.1630	Belgium	76.15-76.05
Brazil Cruzeiro	3,454.98-3,455.36	2,724-2,738	Denmark	13.40-13.54
Finland Markka	7.8833-7.8464	6.1990-6.2010	France	11.43-11.56
Greek Drachma	161.84-165.70	160.51-123.57	Germany	3.71½-3.74½
Hong Kong Dollar	9,8550-9.8650	7,8185-7.8215	Italy	2300-2335
Iran Rial	125.65*	91.40*	Japan	303-306
Kuwait Dinar(KD)	0.37575-0.37580	0.30095-0.30050	Netherlands	4.10-4.33
Luxembourg Fr.	75.05-75.15	59.60-60.00	Norway	10.81-10.96
Malaysia Dollar	3.0180-3.0240	2.3950-2.3980	Portugal	200-217
New Zealand Dlr.	2.5390-2.5440	2.0135-2.0160	Spain	207-217½
Saudi Arab. Riyal	4.4855-4.4905	3.5605-3.5610	Sweden	10.68-10.76
Singapore Dollar	2.7050-2.7110	2.1465-2.1480	Switzerland	3.06½-3.09½
Sth African Rand	2.2135-2.2254	1.7575-1.7680	United States	1.25-1.27
U.A.E. Dirham	4.6865-4.6880	3.6720-3.6730	Yugoslavia	269-284

* Selling rates.

EXCHANGE CROSS RATES

Nov. 16	Pound St'rling	U.S. Dollar	Deutsche m'k	J'panese Yen	FrenchFranc	Swiss Franc	Dutch Guild	Italian Lira	Canada Dollar	Belgian Franc
Pound Sterling	1.	1.256	3.720	304.5	11.42	3.070	4.193	2310.	1.656	75.10
U.S. Dollar	0.797	1.	2.974	242.8	9.125	2.452	3.344	1846.	1.320	50.95
Deutschemark	0.669	0.337	1.	81.85	3.070	0.825	1.127	620.8	0.445	20.19
Japanese Yen 1,000	3.284	4.122	12.23	1000.	37.60	10.08	13.77	7585.	5.438	246.6
French Franc 10	0.876	1.099	3.257	266.6	10.	2.688	3.671	2022.	1.450	65.75
Swiss Franc	0.326	0.409	1.212	99.16	3.720	1.	1.366	752.3	0.536	24.46
Dutch Guilder	0.839	0.299	0.887	72.63	2.724	0.732	1.	550.9	0.395	17.91
Italian Lira 1,000	0.433	0.543	1.611	131.8	4.946	1.329	1.816	1000.	0.717	32.52
Canadian Dollar	0.604	0.758	2.246	183.9	6.896	1.854	2.538	1395.	1.	45.35
Belgian Franc 100	1.338	1.671	4.953	405.5	15.21	4.088	5.583	3075.	2.205	100.

Softer trend

Interest rates were a little easier in London yesterday. However the extent of any further downward movement appeared to be limited since rates already reflect an expected reduction in UK clearing bank base rates. United Kingdom authorities will obviously be anxious to provide as much stimulation as possible ahead of the British Telecom share offering and appeared reluctant to allow rates to fall too far too fast.

Three-month interbank money was quoted at 9⅝-9¾ per cent compared with 9½-9⁹⁄₁₆ per cent while three-month eligible bank bills were bid at 9⁹⁄₁₆-9½ per cent compared with 9⁹⁄₁₆-9⁹⁄₁₆ per cent. Weekend interbank money opened at 10-10¼ per cent and rose to 10½ per cent before slipping away to 3 per cent. Late balances commanded up to 11 per cent however.

UK clearing banks' base lending rate 10 per cent since November 7

The Bank of England forecast a shortage of around £1,050m with factors affecting the market including maturing assistance and a take up of Treasury bills together draining £575m and the unwinding of previous sale and repurchase agreements a further £282m. There was also a rise in the note circulation of £235m and banks brought forward balances £75m below target. On the other hand Exchequer transactions added £120m.

To help allegiae the shortage

To help alleviate the shortage the Bank offered an early round of assistance but the rate on bills offered proved to be unacceptable so that the Bank did not provide any early help. The shortage was later revised to around £1,100m and the Bank gave assistance of £1,102m through sale and repurchase agreements at 10-10¹⁄₁₆ per cent and unwinding in similar amounts on November 23, 27 and 28.

In the afternoon additional assistance comprised purchases of £7m of eligible bank bills in band 1 (up to 14 days) at 10 per cent. It also provided late help of £75m, making a total of £1,184m.

MONEY MARKETS

LONDON MONEY RATES — Discount Houses Deposit and Bill Rates

Nov. 16 1984	Sterling Certificate of deposit	Interbank	Local Authority deposits	Company Deposits	Market Deposits	Treasury (Buy)	Treasury (Sell)	Eligible Bank (Buy)	Eligible Bank (Sell)	Fine Trade (Buy)
Overnight	—	3-11	10⅛-10¼	8⅛-10¾	3-10¼	—	—	—	—	—
2 days notice	—	—	10-10⅛	—	—	—	—	—	—	—
7 days or	—	—	—	—	—	—	—	—	—	—
7 days notice	—	10-10⅛	10-10⅛	10⅝-10¾	10	—	—	—	—	—
One month	9⅝-9⅝	9⅝-10⅛	10	10⅛-10¼	9⅝-9¾	9⅝	9⅝	8⅞-9¾	9⅝-8⅞	10¼
Two months	9¾-9⅝	9⅝-9⅝	9⅞	10	9½	9⅝	9⅝	9⅝-9⅝	9⅝	10
Three months	9⅝-9⅝	9¾-9⅞	9¾	10	9⅝	9⅝	9⅝	9⅝-9¼	9⅝	9⅝
Six months	9⅝-9⅝	9¾-9⅞	9¾	—	—	—	—	9⅝-9¼	9⅝	9⅝
Nine months	9⅝-9⅝	9¾-9⅞	—	—	—	—	—	—	—	—
One year	9⅝-9⅝	9⅞-9⅝	9⅞	—	—	—	—	—	—	—

	Local Auth. negotiable bonds	Local Authority Deposits	Finance House Deposits	$ Cert of Deposits	SDR Linked Deposits	ECU Linked Deposits
One month	10⅝-10½	—	9⅞	9.3-9.4	8⅝-8⅞	8⅝-9⅝
Two months	10¼-10	—	9⅞	9.35-9.40	8⅝-8⅞	9⅝-9¾
Three months	10⅛-9⅞	—	9⅞	9.45-9.55	8⅞-8⅞	9⅝-9¾
Six months	9⅝-9⅝	—	9⅞	9.65-9.75	8⅞-9⅛	8⅝-9⅝
Nine months	10⅛-9⅞	—	9⅞	10.1-10.2	—	—
One year	10⅛-9⅞	—	10	10.5-10.5	9⅝-9⅝	9⅝-10⅛
Two years	—	10⅝	—	—	—	—
Three years	—	10⅝	—	—	—	—
Four years	—	10⅝	—	—	—	—
Five years	—	10⅝	—	—	—	—

ECGD Fixed Rate Export Finance Scheme IV: Average Rate of Interest period October 3 to November 6 1984 (inclusive): 10.516 per cent. Local authorities and finance houses seven days' notice, others seven days' fixed. Finance Houses Base Rate (published by the Finance Houses Association): 11 per cent from November 1 1984. London and Scottish Clearing Bank Rates for lending 10½ per cent. London Deposit Rates for sums at seven days' notice 7¾-7½ per cent. Treasury Bills: Average tender rates of discount 9.0438 per cent. Certificates of Tax Deposit (Series 6): Deposit £100,000 and over held under one month 10¼ per cent; one-three months 10¼ per cent; three-six months 10¼ per cent; six-nine months 10¼ per cent; nine-12 months 10¼ per cent. Under £100,000 9¾ per cent from November 7. Deposits held under Series 5 10¼ per cent. The rate for all deposits withdrawn for cash 7 per cent.

FT LONDON INTERBANK FIXING

(11.00 a.m. November 16)

3 months U.S. dollars

bid 8 5/8	offer 9 3/4

6 months U.S. dollars

bid 7 7/8	offer 10

The fixing rates are the arithmetic means, rounded to the nearest one-sixteenth of the bid and offered rates for $10m quoted by the market to five reference banks at 11 am each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris and Morgan Guaranty Trust.

EURO-CURRENCY INTEREST RATES (Market closing rates)

Nov. 16	Sterling	U.S. Dollar	Canadian Dollar	Dutch Guilder	Swiss Franc	D-mark	French Franc	Italian Lire	Belgian Franc Conv.	Belgian Franc Fin.	Yen	Danish Krone
Short term	10⅛-10¼	9⅛-6⅞	11⅛-11⅞	5⅛-5⅝	1¼-1⅜	6⅝-5⅝	11-11⅛	14¾-16¾	11-11⅛	10⅝-11⅛	6 6¼	12-12½
7 days' notice	9⅝-10⅛	9⅝-9⅝	11⅛-11⅞	5⅝-5¾	1¼-1½	6⅝-5⅝	10⅞-11	14⅝-25⅝	10¾-11⅛	10¼-11	6⅛-6⅛	11⅝-12⅛
Month	9⅝-9⅝	9⅝-9⅝	11-11⅛	5⅝-5⅞	4⅛-4⅝	5⅝-5⅝	10⅝-10⅝	15-15½	10⅛-11	10⅝-10⅛	6⅛-6⅛	11⅛-12⅛
Three months	9⅝-9⅝	8⅝-9⅝	11-11⅛	6 6⅛	5⅝-5⅝	5⅝-5⅝	11⅛-11⅜	15⅛-15⅜	10⅛-11	10⅝-10⅛	6⅛-6⅛	11⅝-11⅝
Six months	9⅝ 9⅝	9⅞ 10	11-11¼	6⅛-6⅛	5⅝-5⅝	5⅞ 5⅝	11⅛-11⅝	16⅛-15⅜	10⅛-11	10⅝-10⅝	6⅜-6⅛	11⅝-12⅛
One year	9⅞-9⅝	10⅛-10⅝	11⅛-11⅜	6⅝-6⅝	5⅝-5⅝	5⅛-5⅝	18⅛-12⅛	15⅛-16⅛	10¾-11¼	10⅝-10⅛	6⅛-6⅛	11⅝-12⅛

Asian $ (closing rates in Singapore): Short-term 9½-9¾ per cent; seven days 9½-9¾ per cent; one month 9⅝-9⅝ per cent; three months 9⅝-9⅝ per cent; six months 9⅝-10⅛ per cent; one year 10⅛-10¼ per cent. Long-term Eurodollars: two years 11⅛-11½ per cent; three years 12-12⅛ per cent; four years 12¼-12½ per cent; five years 12¼-12⅝ per cent nominal rates. Short-term rates are call for U.S. dollars and Japanese yen; others two days' notice.

COMMODITIES AND AGRICULTURE

WEEKLY PRICE CHANGES

	Latest prices per tonne unless stated	Ch'nge on week	Year ago	1984 High	1984 Low
METALS					
Aluminium	£1100	—	£1050	£1100	£1100
Free Market c.i.f.	$1270/1300	+50	$1460/1580	$1580/1620	$1225/1275
Antimony					
Free Market 99.6%	$3300/3350	−75	$3000/3060	$3575/3625	$2450/81
Copper-Cash High Grade	£1073.25	−11.25	£940.5	£1103.75	£945
3 months Do. Do.	£1097.76	−9.6	£952.75	£1130.25	£969.76
Cash Cathode	£1078.5	−6	£926.25	£1112	£949.5
3 months Do.	£1102		£947.5	£1136	£967
Gold per oz.	$345.25	−1.5	$376.125	$406.75	$333.75
Lead cash	£363.5		£272.5	£382.5	£269.5
3 months	£354.75	−5	£282	£387.87	£276.25
Nickel	£3967		£4646.34	£3967	£4335
Free Markets c.i.f. lb	$12/230p		205/225c	$12/238	203/224c
Palladium per oz.	$127.75	−1	$145.65	$156.25	$150.00
Platinum per oz.	$331.75	−8.8	£260.55	$411.25	$319.26
Quicksilver (76-lbs)	$300/310		$310/315	$313/319	$290/310
Silver per oz.	603.35p	+4.40	682.05p	678.70p	588.10p
3 months per oz.	617.20p	+3.75	694.70p	694.40p	544.30p
Tin cash	£9662.5	−102.5	£8545	£9817.5	£8370
3 months	£9662.5	+105.5	£8735	£9778.5	£8517.5
Tungsten	$89.53		$79.25	$89.56	$74.43
Wolfram (22.04 lb)	$79/83		$71/75	$86/90	$71/75
Zinc cash	£663	−15.75	£585.6	£797.5	£583.5
3 months	£627.76	−15.87	£609.75	£718.25	£594.6
Producers	$900		$950	$1050/1090	$900
GRAINS					
Barley Futures	£109.45u	−0.35	£118.90	£123.55	£105.65
Maize French	£146.00z		£146.00	£184.50	£148.00
WHEAT Futures					
Hard Winter Wheat	£110.00u	−0.66	£119.85	£130.50	£105.55
SPICES					
Cloves	£4,300		£6,800	£5,500	£4,000
Pepper, white	$3,475	−25	$3,200	$3,600	$2,900
black	$3,875	−25	$2,000	$6,550	$1,800
OILS					
Coconut (Philippines)	$960z	−70	$900	$1,670	$900
Groundnut	$975z	+5	$976	$1,180	$815
Linseed Crude	‡		‡	$630	$397
Palm Malayan	$630	−10	$655	$1,000	$580
SEEDS					
Copra (Philippines)	$560u	—	$575	$865	$580
Soyabeans (U.S.)	$258.25v	—	$316	$3582	$236.75
OTHER COMMODITIES					
Cocoa Shipments §	£2,003	+49	£1,607	£2,173	£1,576.6
Cocoa Futures Dec	£1,942	+58.5	£1,554	£2103.5	£1638
Coffee Futures Jan	£2,370.5	+36	£1,903.5	£2,518	£1,899.6
Cotton Index	‡	—	89.45c	90.10c	78.35c
Des. Coconut	£1,300	—	£940	£1,348	£956
Gas Oil Fut. Dec	$236.5	−1.85	$243.75	$257.76	$214.66
Jute LJA BWO grade	$870	—	‡	$870	$485
Rubber kilo	60p	−2	80.75p	61p	58p
Sago Pearl	‡	—	£275	£345	£285
Sisal No. 3L	$670	—	$660	$870	$630
Sugar (Raw)	$117.5zu	−6.5	£136	$194	$108
Tapioca No. 1	‡	—	£316	£330	£295
Tea (quality) kilo	330p	—	250p	375p	257p
(lowtm'd) kilo	348p	−7	203p	280p	196p
Wooltops 64s Super	470p kilo	—	401p kilo	477p kilo	435p kl

‡ Unquoted. (g) Madagascar. § Ghana cocoa. (u) Dec. (z) Nov-Dec. (u) Jan.

REVIEW OF THE WEEK

Tight supplies lift cocoa market

BY OUR COMMODITIES EDITOR

GROWING CONCERN about the availability of supplies for nearby delivery pushed Cocoa values higher on the London futures market. The December position finished £58.50 up on the week at £1,942 a tonne after reaching a high of £1,953 at one stage.

Dealers said the tightness of supplies was not only causing problems for manufacturers requiring physical cocoa but also giving rise to fears about the orderly liquidation of the December position when it expires next month. The open position for December was still substantial at 6,889 lots, they pointed out.

Coffee values moved ahead in relatively thin trading and the January futures position closed the week £35 up at £2,370.50 a tonne.

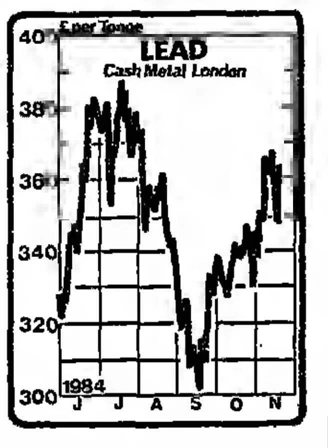
January coffee had earlier broken through a resistance point at £2,375 a tonne and some traders had expected this to lead to a further firming of the market. But this did not materialise as uncertainty about the level of recent Ugandan arrivals held prices back.

World sugar prices fell quite sharply and the London daily raws price finished £9.50 down on the week at £117.50 a tonne.

The fall was encouraged by Tunisia's rejection of all offers at a soap buying tender and by a forecast from London merchants C. Czarnikow predicting a crop surplus in the 1984/85 season of around 100,000 tonnes. The Czarnikow report cut the 1985 world consumption projection to 96.1m tonnes from 96.5m indicated last week.

Aluminium prices advanced again on the London Metal Exchange this week reaching the highest level since June. The three months quotation ended the week £24.5 up at £977.5 a tonne. The rise came in spite of the International Primary Aluminium Institute reporting an unexpected jump in world aluminium stocks during September. LME warehouse stocks of aluminium fell, however, and evidently traders felt that the market was still undervalued.

There was some disappointment at the small decline in warehouse stocks of lead—down by only 250 to 40,200 tonnes. Nevertheless the market rallied strongly yesterday on expectations of a bigger decline this week and fears of a nearby squeeze developing. The cash price increased its premium over the three months quotation gaining £14.5 yesterday to £363.5 a tonne while three months was £7.5 higher at £354.75.



Cominco of Canada said yesterday it was closing its Pine Point lead/zinc concentrator for two weeks in December to reduce stocks. Zinc values eased again on the LME this week.

Inco also announced that it is shutting its nickel refinery in Clydach, Wales, for at least three months to reduce stocks to more manageable levels.

LONDON OIL

SPOT PRICES

	Latest	Change + or −
CRUDE OIL—FOB ($ per barrel)		
Arabian Light	27.85-27.95	−0.05
Dubai Fateh	27.25-27.37	−0.01
Arab Heavy	26.55-26.65	−0.05
North Sea (Forties)	27.80	−0.1
North Sea (Brent)	27.90-28.00	—
African (BonnyLi'ht)	—	—
Urals	27.95-28.05	−0.1
PRODUCTS—North West Europe "cif" ($ per tonne)		
Premium gasoline	250-254	—
Gas Oil	238-241	−0.5
Heavy fuel oil	185-187	—

The market saw an uninteresting day's trading with little interest on either side. Prices were well-supported during the morning but came under some pressure as New York weakened, reports Premier Man.

GAS OIL FUTURES

Month	Yest'day's close	+ or −	Business Done
	$ U.S. per tonne		
Nov.	233.60	−0.50	234.75-33.50
Dec.	236.50	−1.00	238.50-36.05
Jan.	237.25	−0.75	239.00-37.25
Feb.	250.25	−1.00	237.25-35.25
March.	233.00	−0.50	233.00
April	227.00	−0.50	229.00-26.90
May	223.75	−2.75	226.75-26.90
June	222.50	−3.00	—
July	221.00	−6.00	—

Turnover: 1,394 (1,758) lots of 100 tonnes.

GOLD MARKETS

Gold rose $1½ an ounce from Thursday's close in the London bullion market yesterday to finish at $345-345½. The metal opened at $344½-345, which proved to be the day's low and touched a high of $345¼-345¾.

LONDON FUTURES

Month	Yest'days close	+ or −	Business Done
	$ per troy ounce		
Nov.	346.30		346.60-45.80
Dec.	351.70		
Feb.	—		
April	—		
June	—		
Aug.	—		

	Nov. 16		Nov. 15	
Gold Bullion (fine ounce)				
Close	$345-345½	(£275¼-275½)	$343½-344¼	(£273¼-273)
Opening	$344½-345	(£274¼-274¾)	$346-346½	(£273¼-273¾)
Morning fixing	$345.05	(£275.264)	$343.35	(£273.263)
Afternoon fixing	$345.60	(£275.166)	$343.75	(£273.176)
Gold and Platinum Coins Nov. 16				
Krugrand	$355-356¼	(£282½-283¼)	King Sov	$86-83¼ (£65½-66¼)
½ Krug.	$181½-184¼	(£144½-146¼)	Victoria Sov	$86-83 (£65½-66¼)
¼ Krug.	$93¼-94¼	(£74¼-74¾)	French 20s	$64-69 (£51-55)
1/10 Krug.	$38¼-38¼	(£30½-31)	50 Pesos Mex	$427-429 (£339-340½)
Mapleleaf	$355-356	(£282½-283)	100 Cor. Aust.	$335-337 (£265½-268½)
New Sov.	$81¼-82	(£64½-65½)	$20 Eagles	$510-550 (£404½-420½)

BASE METALS

Amalgamated Metal Trading reported that in the morning three months Higher Grade traded at £1,094, 95, cash £1,066, three months £1,093.5, 93, 92, 92. Cathodes: Cash £1,075.5, three months £1,094. Kerbs: Three months £1,093, 94, 83.5. Afternoon: Higher Grade: Three months £1,096, 96.5, 97, £1,098, 97.5, 98. Kerbs: Higher Grade: Three months £1,098, 98.5, 98, 67.5, 98, 99, 99.5. Turnover: 28 252 tonnes. U.S. producers: 65.00-69.00 cents per pound.

COPPER

COPPER	a.m. Official	+ or −	p.m. Unofficial	+ or −†
High Grde	£	£	£	£
Cash	1068-.5	+3.5	1073-.5	+15.2
3 months	1098-.5	+8.5	1097.5-8	+14.5
Settlem't	1068.5	+3.5	—	—
Cathodes				
Cash	1075-6	+5.75	1081-3	+16.5
3 months	1094-.5	+2.75	1101-.5	+18.0
Settlem't	1076	+4.0	—	—

TIN

Tin—Morning: Standard: Cash £9,660, 61, three months £9,670, 65, 70, 60. High Grade: Cash £9,705, 10, three months £9,710, 05. Kerbs: Three months £9,670, 65. Afternoon: Standard: Three months £9,660, 65, £9,660, 62. High Grade: Three months £9,700, 05, £9,705, 9,700, 05. Kerb: Three months £9,665, 70. Turnover: 1,970 tonnes.

TIN	a.m. Official	+ or −	p.m. Unofficial	+ or −†
High Grde	£	£	£	£
Cash	9705-10	+32.5	9705-10	+20.5
3 months	9705-8	+31.5	9705-6	+18.0
Settlem't	9710	+30.0	—	—
Standard				
Cash	9660-1	+8.5	9660-5	+15.0
3 months	9660-8	+8.6	9660-8	+15.5
Settlem't	9661	+11.0	—	—
Straits E.	$96.15	—	—	—

LEAD

Lead—Morning: Three months £350, 50.5, cash £359, 60, 62 64, 65, three months £352, 53, 54, 54.5, 55. Kerb: Three months £355. Afternoon: Three months £355, 54.5, 55.5, £354.5, 55, 54.5. Kerb: Three months £355, 54 53. Turnover: 18,925 tonnes. U.S. spot: 26.00-28.00 cents per pound.

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LEAD	a.m. Official	+ or −	p.m. Unofficial	+ or −†
	£	£	£	£
Cash	364-5	+17.0	363-4	+14.5
3 months	354.5-5.5	+7.5	354-.5-5	+7.5
Settlem't	365	+17.0	—	—

ZINC

Zinc—High Grade official/unofficial prices: Cash £671.6, three months £667-670. Afternoon: Three months £633, 31, 32.5, 31.5. Kerb: Three months £631, 30.5. Afternoon: Three months £630, 29, 28, 27, 28, £628, 27.5, 27, 27.5. Kerb: Three months £627, 26.5, 27, 28, 27. Turnover: 15 700 tonnes. U.S. Prime Western: 45.00-45.75 cents per pound.

ZINC	a.m. Official	+ or −	p.m. Unofficial	+ or −†
	£	£	£	£
Cash	695.5-6	+6.75	682.5-3.5	+4.5
3 months	631.5-8	+6.5	627-8.5	+5.5

ALUMINIUM

Aluminium—Morning: Three months £978, 79, 79.5, cash £954, three months £978, 79.5, 79, 78.5, 78. Kerb: Three months 978.5, 78, 78.5, 79. Afternoon: Three months £979.5, 78.5, 78, 71.5, 77, £976, 76.5. Kerb: Three months £977, 77.5, 77, 78, 79, 80, 81, 82, 81. Turnover: 21,925 tonnes.

Alumin'm	a.m. Official	+ or −	p.m. Unofficial	+ or −†
	£	£	£	£
Spot	935.5-4	+0.75	952-3	—
3 months	978-5	−0.5	977-8	−1.25

NICKEL

Nickel—Morning: Three months £3,825, £3,825, 20, 15. Kerb: Three months £3,825. Afternoon: Three months £3,820, £3,820, 25. Kerb: Three months £3,820. Turnover: 726 tonnes.

NICKEL	a.m. Official	+ or −	p.m. unofficial	+ or −†
Spot	3755-45	−15.5	3742-8	+7.5
3 months	3816-5	+9.0	3822-3	+3.0

SILVER

Silver was fixed 2.25p an ounce higher for spot delivery in the London bullion market yesterday at 603.35p. U.S. cent equivalents of the fixing levels were: spot 760.8c, up 1.3c; three-month 778.50c, up 1.1c; six-month 796.0c, up 1.4c; and 12-month 838.07c, up 0.32c. The metal opened at 602-605p (759-762c) and closed at 604½-607½p (762-765c).

SILVER per troy	Bullion fixing price	+ or −	L.M.E. p.m. Unoffic'l	+ or −
Spot	603.35p	+2.25	606p	+4.6
3 months	617.20p	+2.15	620p	+6.5
6 months	630.30p	+1.60	—	.....
12 months	650.25p	+5.45	—	.....

LME—(2,000 oz contract): cash 606p (601.5p); three months 620p (618.5p). Turnover: 0 (0).

Turnover: 62 (96) lots of 10,000 oz. Morning: large 1st ring three months 618.5, 2nd ring three months 618, 18.5. Kerb: large three months 619. Afternoon: untraded. Kerb: three months large 620.

COCOA

COCOA	Yesterday's Close	+ or −	Business Done
	£ per tonne		
Dec.	1950-1952	−6.0	1955-1936
March	1941-1945	−6.0	1950-1928
May	1920-1925	−5.0	1925-1900
July	1880-1885	−8.5	1893-1885
Sept.	1865-1870	+5.0	1869-1864
Dec.	1850-1860	−1.5	1850-1845
March	1864-1866	−5.0	1865-1856

Sales: d,242 (3,642) lots of 10 tonnes.

ICCO indicator prices (U.S. cents per pound). Daily price for Nov 16: 105.23 (105.53); five-day average for Nov 19: 105.77 (105.56).

COFFEE

COFFEE	Yesterd'ys Close	+ or −	Business Done
Nov	2560-70	−28.5	2595-80
January	2370-71	−9.0	2385-57
March	2233-34	+4.0	2235-25
May	2186-87	−0.5	2190-77
July	2170-73	−3.5	2177-68
Sept.	2151-55	−10.5	2167-50
Nov.	2156-60	−1.0	2160-50

Sales: 2,302 (4,783) lots of 5 tonnes.

ICO indicator prices (U.S. cents per pound) for November 15: Comp daily 1979 140.71 (140.72); 15-day average 138.51 (138.33).

GRAINS

Business done—Wheat: Nov 107.60 only. Jan 110.30-10.00, March 113.30-3.00. May 116.30 only. July untraded. Sept 97.65-7.30. Sales: 59 lots of 100 tonnes. Barley: Nov 107.00-6.80. Jan 109.65-9.55, March 112.85 only May 115.30 only. Sept untraded. Sales: 50 lots of 100 tonnes.

	WHEAT		BARLEY	
Mnth	Yesterd'ys close	+ or −	Yesterd's close	+ or −
Nov	107.40	−0.00	106.65	+0.20
Jan.	110.00	−0.30	106.45	−0.16
Mar	113.30	−0.50	118.80	−0.05
May	115.65	−0.30	115.30	−0.10
July	118.26	−0.30	—	—
Sept.	87.60	+0.45	66.60	+0.10

LONDON GRAINS—Wheat: U.S. dark northern spring No 1 15 per cent Dec 151.55, Jan 157.45, Feb 156.80 transhipment east coast. U.S. No 2 soft red winter Dec 141.55, Feb 142.50. English feed fob Jan/March 11d east coast. Maize: U.S. No 3 yellow/French trans-shipment east coast second half Nov/second half Dec 145 quoted. Barley: English feed fob Nov 110.50 Scottish. Nov 110.75 English. Dec 112. Jan-March 115.50. April/June 119.50. Rest unquoted.

PIGMEAT

Month	Yesterdays close	Previous close	Business done
	p. per kilo (deadweight)		
Feb.	118.10	117.60	110.30-18.10
April	117.40	116.70	117.50-17.40
June	113.00	113.40	113.00
Aug.	110.80	110.80	110.80
Oct.	115.00	115.40	115.30
Nov.	1160.0	118.40	116.00

Sales: 26 (55) lots of 50 carcases, 3,250 kg.

POTATOES

Month	Yesterday's close	Previous close	Business Done
	£ per tonne		
Nov.	55.60	48.00	55.00-50.00
Feb.	46.50	48.30	48.50-46.00
April	65.10	59.60	64.00-59.00
May	62.20	61.50	65.90-62.00
Nov.	66.00	66.50	66.00

INDICES

FINANCIAL TIMES

Nov. 15	Nov. 14	M'th ago	Year ago
295.13	294.90	293.60	284.51

(Base: July 1 1952 = 100)

REUTERS

Nov. 16	Nov. 15	M'th ago	Year ago
1871.0	1867.0	1893.5	1698.6

(Base: September 18 1931 = 100)

MOODY'S

Nov. 7	Oct. 31	M'th ago	Year ago
966.0	958.5	968.7	1010.4

(Base: December 31 1931 = 100)

DOW JONES

Dow Jones	Nov. 7	Oct. 31	Month ago	Year ago
Spot	126.85		128.97	135.22
Fut	130.13	127.66	124.56	143.34

(Base: December 31 1974 = 100)

RUBBER

FUTURES—RSS No. 1. £ per tonne. Buyer, seller, business. Dec 600, 616, 610; Jan 610, 625; Feb 615, 636; Mar 625, 645; April 635, 655; May 645, 665; June 655, 675; July 665, 685; August 675, 695; Jan to August unquoted; 1985 Jan/March 615, 635, unquoted; 1985 April/June 645, 665, 655; 1985 July/Sept 675, 695, 685. Sales: 1 (0) lots of 5 tonnes, 22 (1) lots of 15 tonnes.

SOYABEAN MEAL

	Yesterday's close	+ or −	Business Done
	£ per tonne		
Dec	131.0-131.5		
Feb	132.0-131.0		
April	128.6-128.8	+0.65	129.5-128.8
June	141.2-141.4	+0.85	141.4
August	144.5-145.0	+1.25	
October	145.5-146.3	+1.30	
Dec	147.0-148.5		

Sales: 97 (435) lots of 20 tonnes, 0 (0) lots of 100 tonnes.

SUGAR

LONDON DAILY PRICE—Raw sugar $117.50 (£93.00), up $1.00 (up £1.00) a tonne for Nov-Dec delivery. White sugar $165.00, up $3.50.

No.5 Con-tract	Yest'day's close	Previous close	Business done
	$ per tonne		
Dec.	129.0-129.6	133.2-134.6	134.4-129.2
March	143.8-143.9	150.0-150.2	150.0-143.6
May	150.6-150.8	156.8-157.0	156.0-150.6
Aug.	158.8-158.8	163.2-163.6	163.6-158.8
Oct.	170.0-172.0	177.2-177.6	177.0-173.2
March	182.0-187.0	192.0-192.6	191.5-187.4
May	191.0-195.0	199.0-201.0	—

Sales: 3,854 (1,875) lots of 50 tonnes. Tate and Lyle delivery price for granulated basis sugar was £197.00

AMERICAN MARKETS

NEW YORK, November 16

Precious metals traded in a featureless fashion on a lack of direction to currencies, reports Heinold Commodities. Copper traded under pressure late in the session on the weaker tone to sterling which encouraged light arbitrage selling. Sugar suffered from aggressive long liquidation on the disappointing tone to cash demand. Cocoa was mixed with the nearby position firm on tightness in deliverable supplies. Coffee came under pressure from profit-taking encouraged by producer offers above the market levels. Cotton rallied on forecasts of rain in the Delta area. Heating oil weakened on news that Abu Dhabi was offering discounts and Iran was widening its discounts but found support on expectations of below-normal temperatures in the northeast next week. The grain and soyabean complex was basically steady on the lack of fresh developments which discouraged trading interest.

NEW YORK

ALUMINIUM 40,000 lb, cents/lb

	Close	High	Low	Prev
Dec	54.75	55.30	54.70	55.05
Jan	55.20	—	—	55.50
March	56.20	56.85	56.10	56.50
May	57.25	—	—	57.55
July	58.30	—	—	58.60
Sept	59.35	—	—	59.65
Dec	61.00	—	—	61.30
Jan	61.55	—	—	61.85
March	62.65	—	—	62.95

COPPER 25,000 lb, cents/lb

	Close	High	Low	Prev
Nov	59.60	—	—	59.75
Dec	58.75	60.40	59.75	59.90
Jan	60.30	—	—	60.45
March	61.30	62.00	61.25	61.45
May	62.35	63.00	62.30	62.50
July	63.40	64.00	63.75	63.55
Sept	64.45	65.05	64.65	64.65
Dec	66.00	66.65	66.10	66.20

COFFEE "C" 37,000 lb, cents/lb

	Close	High	Low	Prev
Dec	142.55	44.20	d2.25	d3 88
March	138.60	40.05	38.57	39.50
May	136.99	38.20	36.99	38.00
July	135.80	36.75	35.60	36.50
Sept	134.50	35.00	34.05	35 00
Dec	132.75	33.00	32.75	33.00
March	130.03	—	—	30.50

COCOA 10 tonnes, $/tonnes

	Close	High	Low	Prev
Dec	2380	2398	2351	2351
March	2260	2280	2253	2258
May	2254	2275	2257	2260
July	2254	2270	2252	2255
Sept	2254	2266	2250	2254
Dec	2220	2230	2210	2210
March	2216	—	—	2212

CRUDE OIL (LIGHT) 42,000 U.S. gallons, $/barrels

	Latest	High	Low	Prev
Jan	28.09	28.20	28.01	28.23
Feb	27.95	28.10	27.90	28.04
March	27.77	27.87	27.72	27.86
April	27.65	27.74	27.60	27.76
May	27.64	—	—	27.71
June	27.69	—	—	27.71
July	27.69	—	—	27.69
August	—	—	—	27.65
Sept	—	—	—	27.63
Oct	—	—	—	27.63

GOLD 100 troy oz, $/troy oz

	Close	High	Low	Prev
Nov	343.9	344.6	344.2	344.6
Dec	345.0	346.8	344.0	345.8
Jan	347.8	—	—	348.5
Feb	350.2	352.6	349.6	351.0
April	355.6	357.0	354.0	356.3
June	361.1	362.4	360.4	361.6
August	367.3	368.1	365.5	367.7
Oct	373.3	373.6	371.0	373.7
Dec	380.1	382.2	378.0	380.2
Feb	387.1	388.3	388.3	386.9
April	393.2	—	—	393.0
June	399.4	—	—	399.2
August	406.5	405.0	405.0	412.9
Oct	409.8	—	—	406.0

ORANGE JUICE 15,000 lb, cents/lb

	Close	High	Low	Prev
Nov	163.50	66.00	63.75	65.00
Jan	167.50	68.80	67.50	68.00
March	168.50	69.95	68.00	69.80
May	168.80	68.80	66.65	68.00
July	168.25	—	—	67.45
Sept	168.25	—	—	67.75
Nov	168.25	—	—	67.00
Jan	183.90	—	—	63.95

HEATING OIL 42,000 U.S. gallons, cents/U.S. gallons

	Latest	High	Low	Prev
Dec	78.25	79.00	78.00	78.20
Jan	79.39	79.80	79.20	79.55
Feb	76.39	76.80	76.30	76.55
March	74.00	74.50	73.80	74.42
April	72.70	73.05	72.70	72.95
May	71.50	—	—	71.90
June	71.50	—	—	71.80
July	71.50	—	—	71.80
August	71.50	—	—	71.00
Sept	71.50	—	—	71.00

COTTON 50,000 lb, cents/lb

	Close	High	Low	Prev
Dec	64.60	65.10	64.25	64.13
March	66.50	66.70	66.25	66.00
May	67.90	68.15	67.75	67.57
July	69.25	69.25	68.75	68.75
Oct	68.15	68.07	68.00	68.00
Dec	68.75	69.15	68.75	68.60
March	70.00	—	—	69.85
May	70.60	—	—	69.85

PLATINUM 50 troy oz, $/troy oz

	Close	High	Low	Prev
Nov	327.9	—	—	322.6
Dec	329.0	—	—	—
Jan	330.4	334.5	332.0	332.3
April	335.0	340.0	340.0	340.2
July	341.0	342.0	340.0	340.4
Oct	355.2	357.5	355.0	355.5

SILVER 5,000 troy oz, cents/troy oz

	Close	High	Low	Prev
Nov	759.1	762.0	760.0	759.8
Dec	761.5	768.0	761.0	762.5
Jan	767.7	769.0	763.0	768.7
March	780.0	786.5	779.0	781.0
May	752.9	796.5	793.0	753.9
July	806.1	812.0	807.0	807.1
Sept	820.5	827.5	819.0	821.5
Dec	843.2	849.5	844.0	844.0
Jan	851.0	—	—	851.6

SUGAR WORLD "11" 112,000 lb, cents/lb

	Close	High	Low	Prev
Jan	4.87	5.17	4.90	5.10
March	5.38	5.66	5.37	5.60
May	5.71	6.00	5.70	5.96
July	5.97	6.25	5.96	6.23
Sept	6.24	6.52	6.26	6.49
Oct	6.44	6.72	6.43	6.69
Jan	6.87	7.27	6.95	7.14
March	7.43	7.69	7.43	7.66

CHICAGO

LIVE CATTLE 40,000 lb; Cents/lb

	Close	High	Low	Prev
Dec	67.15	67.20	66.17	66.05
Feb	66.30	66.35	65.22	65.20
April	67.65	67.75	65.92	67.12
June	67.02	67.20	66.57	66.82
August	65.07	65.20	64.55	64.97
Oct	63.00	63.17	62.75	62.85
Dec	64.50	64.50	64.30	64.40

LIVE HOGS 30,000 lb; Cents/lb

	Close	High	Low	Prev
Dec	52.65	52.70	51.30	51.52
Feb	53.02	53.10	52.15	52.15
April	49.02	49.20	48.56	48.57
June	52.72	52.90	52.25	52.32
July	52.72	52.90	52.25	52.30
August	51.00	51.20	50.85	51.02
Oct	47.32	48.00	47.25	47.97
Dec	48.95	49.00	48.65	48.70
Feb	48.65	48.66	48.65	48.40

MAIZE 5,000 bu min; cents/56-lb bushel

	Close	High	Low	Prev
Dec	276.0	276.0	275.2	275.4
March	283.2	283.6	282.6	282.6
May	289.4	290.0	288.6	288.6
July	293.4	294.0	292.6	292.6
Sept	288.0	289.0	288.0	288.0
Dec	287.2	287.4	286.8	286.6
March	295.2	295.2	295.0	295.4

PORK BELLIES 38,000 lb; Cents/lb

	Close	High	Low	Prev
Feb	71.97	71.97	69.75	69.57
March	72.10	72.15	70.40	70.10
May	73.15	73.15	71.30	71.10
July	73.90	73.90	71.85	71.90
August	71.00	71.00	69.50	69.60
Feb	70.75	70.75	70.75	68.75

SOYABEANS 5,000 bu min; cents/60 lb-bushel

	Close	High	Low	Prev
Nov	612.0	613.0	612.0	612.4
Jan	625.0	632.4	625.0	626.4
March	638.4	640.0	638.0	638.4
May	651.0	653.6	650.4	651.4
July	660.0	667.0	660.4	661.4
August	660.4	662.0	660.0	661.4
Sept	648.0	652.0	648.0	650.0
Nov	647.0	652.0	647.0	649.2
Jan	661.0	665.0	661.0	662.0

SOYABEAN MEAL 100 tons; $/ton

	Close	High	Low	Prev
Dec	151.4	152.3	150.5	150.2
Jan	154.8	155.6	153.8	153.4
March	161.0	161.5	160.4	160.0
May	166.3	167.0	166.3	165.3
July	172.2	172.6	171.2	171.1
August	173.0	173.0	172.0	172.0
Sept	173.0	175.0	173.0	172.9
Oct	174.5	177.0	174.0	173.9
Dec	176.2	177.0	177.0	175.1

SOYABEAN OIL 60,000 lb; cents/lb

	Close	High	Low	Prev
Dec	29.58	29.55	29.15	29.21
Jan	27.24	27.84	27.20	27.69
March	26.55	26.50	26.15	26.48
May	26.12	26.30	25.80	26.08
July	25.22	25.35	25.15	25.68
August	24.99	25.10	24.90	24.90
Sept	24.55	—	—	24.55
Oct	24.23	—	—	24.00
Dec	23.75	24.10	23.75	24.02

WHEAT 5,000 bu min; cents/60-lb bushel

	Close	High	Low	Prev
Dec	356.0	357.6	355.0	355.0
March	356.6	358.0	356.0	358.0
May	353.6	353.0	352.0	352.2
July	340.4	342.0	340.0	341.2
Sept	342.6	344.0	342.4	342.4
Dec	355.6	357.4	355.4	356.4

SPOT PRICES—Chicago loose lard 31.00 (32.00) cents per pound. New York tin 553.0-564.0 (551.0-564.0) cents per pound. Handy and Harman silver bullion 760.0 (same) cents per troy ounce.

LONDON STOCK EXCHANGE

MARKET REPORT

British Telecom optimism sweeps through markets and equities head back to all-time record levels

Account Dealing Dates

Option

*First Dealings	Declarations	Last Dealings	Account Day
Oct 29	Nov 8	Nov 9	Nov 19
Nov 12	Nov 22	Nov 23	Dec 9
Nov 26	Dec 6	Dec 7	Dec 17

* "New-time" dealings may take place from 9.30 am two business days earlier.

London equities bounced back yesterday after Thursday's technical reaction in markets dominated by the looming British Telecom flotation. The issue price of 130p was pitched at a level which should encourage a rapturous response for the UK's largest-ever offering of stock and investors began looking for a decent premium when dealings commence early next month.

The strong possibility of another cut in clearing bank base lending rates before then added to the mood of optimism sweeping through markets. Retailing shares were particularly buoyed by the prospect of both cheaper money and increased consumer spending over the Christmas period. Leading issues often achieved double-figure gains following a strong late-morning burst of buying.

Interest spilled over into other top-quality shares and all measurements of the equity market trend soon began heading back to their all-time records. At the close, the FT Industrial Ordinary share was 8.4 up at 920.0, only 4.3 short of Tuesday's best-ever 924.3. Similarly, the FT-SE 100 share index rebounded 86 to 1,173.5.

Other trading factors which would normally influence market sentiment were negated by the pending British Telecom issue. Neither sterling's late easiness against the dollar nor slightly cheaper opening Wall Street values made any impression late.

Interest rate hopes coupled with the strong performance of U.S. bonds overnight lifted Government securities. Although institutional funds appeared to be limited, quotations advanced on light demand from private investors. Before the announcement of the October PSBR, longer-dated issues were ½ higher but the news disappointed and prices began easing, despite a lower Treasury bill rate this week. Late in the session the gains were halved to around ¼.

Clearers drop late

Quietly dull and around 5 easier at the "house" close, major clearing banks weakened noticeably after-hours on reports that Lloyds had incurred heavy losses on a Saudi Arabian pipeline contract. Lloyds fell sharply to finish 20 down on the day at 510p, while NatWest, 555p, and Barclays, 510p, declined 15 apiece. Midland ended 8 off at 355p.

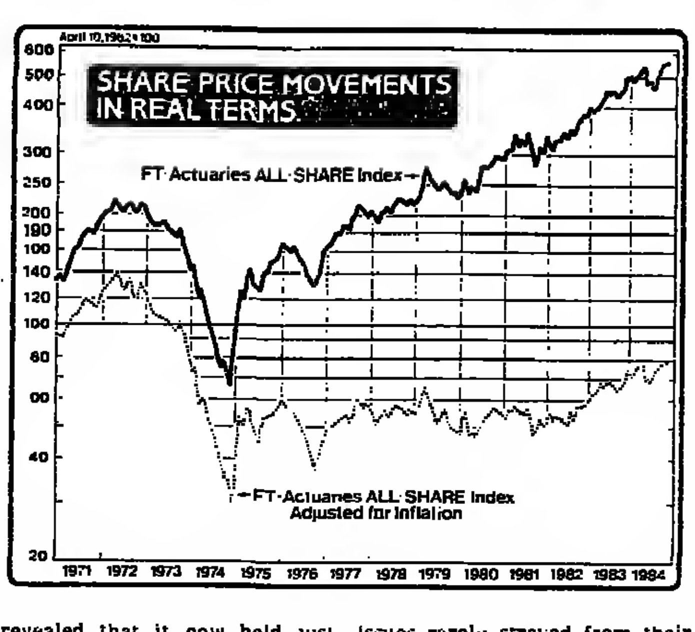
Speculators again chose to ignore recent denials that Charterhouse J. Rothschild intends to sell its near-25 per cent stake in Hambro Life and pushed the latter's shares up a further 12, making a rise of 52 on the week at 455p: CJR held firm at the overnight level of 88p. Elsewhere in Insurances, Royals advanced 17 to 517p following comment on the third-quarter profits. General Accident put on 10 to 500p and Sun Alliance added 7 at 412p, while GRE firmed 6 to 666p. Commercial Union, however, which on Wednesday reported a £30.6m loss for the nine-month period, failed to participate in the improvement and closed unaltered at 169p.

Building shares put up a rather uninspiring performance. Among the occasional movements, Blockleys encountered sporadic support and put on 10 to 560p, while M. J. Gleeson, still reflecting the good preliminary figures, improved 4 more, for a two-day rise of 19 to 209p. Ramus responded to favourable comment with a rise of 7 to 80p.

ICI traded quietly and settled a couple of pence better at 662p while Yorkshire Chemical, reflecting the reorganisation plans, improved 3 to 58p.

Burton rise afresh

Continuing optimism about lower base lending rates stimulated fresh support for leading Stores; much of the business was concentrated into a short period before lunch, but double-figure gains were commonplace with many counters attaining new 1984 peaks. Burton remained buoyant in the wake of the excellent preliminary profits and advanced 15 for a gain on the week of 30 to 393p. Gussies "A," 660p, Habitat Mothercare, 394p, and Debenhams, 210p, all improved by around 12, while Marks and Spencer benefited from Press comment with a rise of 5 to 123p. Raybeck, a rising market recently following vague takeover talk, reacted 4 to 29p after adverse comment. Currys firmed 6 to 496p as unwelcome suitors Dixons, 9 dearer at 384p,



revealed that it now held just under 11 per cent of its fellow high street electrical retailer. Our Price, 8 up for a week's advance of 29 to 300p, continued to benefit from reports of buoyant record and tape sales.

Among Shoe and Leather issues, Strong and Fisher rallied 7 to 145p but retained a fall over the five-day period of 21 following Mr Asil Nadir's disposal of his interest in the company. Headlam Sims and Coggins eased a few pence to 45p on the reduced interim dividend and profits.

Leading Electricals took on a steadier tone after the previous day's setback which followed disappointing second-quarter figures from Plessey. The latter still eased 2 more to 208p for a two-day fall of 18 and further losses of a few pence were recorded in Racal, 268p, and GEC, 223p. In contrast, favourable comment on the half-year figures left International Signal 10 to the good at 282p. Press mention also encouraged a rise of 5 to 148p in Lorlin. Despite a reported denial of any takeover approach, United Scientific closed 5 up at 233p.

Overnight buying, thought to be on U.S. account, and further speculative domestic demand took TI up to 242p before profit-taking clipped the rise to one of 8 at 234p, a gain of 24 on the week; the sharp advance has been accompanied by takeover talk and rumours of a possible stake build-up. Other leading issues rarely strayed from their overnight closing levels. Occasional movements among secondary issues included Westland, which rallied 4 to 133p following recent dullness on adverse Press mention.

Dealings resumed in Cullens Stores following details of the agreed cash offer from Watling (105), a newly incorporated company; the ordinary closed at 410p and the "A" at 300p compared with the respective suspension levels of 365p and 260p. Elsewhere in Foods, Associated Dairies attracted renewed support at 160p, up 6, while Tate and Lyle gained 4 at 422p and Rowntree Mackintosh rose 2 to 362p. Bassett advanced 5 afresh to 163p on continuing bid speculation. Improvements of 2 and 3 respectively were recorded in RHM, 114p, and Tesco, 210p.

Barton Transp. up

Bumper annual results prompted a sharp rise in Barton Transport which closed 50 up at around the day's best of 175p. Elsewhere in the miscellaneous sector, Extel advanced 13 to 238p awaiting next Thursday's interim statement. Hepworth Ceramic met with revived demand and put on 7 to 160p, while J. W. Spear were again outstanding and closed 11 dearer at 118p. Smiths Industries, up a like amount at 645p, recovered from Thursday's bout of profit-taking which followed the preliminary figures. Bath and Portland gained 6 to 282p awaiting further bid developments; the company is currently in receipt of an unwelcome offer from C. H. Beazer. Wade Potteries, still reflecting the recent interim results, improved 5 to 96p, while comment on the half-year figures left Valor a couple of pence dearer at 164p. Thursday's revival in Channel Tunnel proved to be short-lived, adverse comment prompting a smart reaction of 13 to 137p. Bestobell, reflecting the departure of chief executive Dr Donald Spencer, fell 13 to 292p. Leading issues moved a few pence either way with the exception of Hanson Trust, 6 up at a new peak for the year at 271p.

A good market of late reflecting demand in a restricted market, Samuelson Group cheapened 10 to 920p. Elsewhere in Leisure issues, Miss World gave up 5 at 210p, but Campari hardened 2 to 28p.

Lucas Industries finished the week on a bright note with a gain of 7 to 260p as bid speculation flourished in the wake of Monday's impressive preliminary results. Dunlop, on the other hand, were unsettled by sizeable U.S. arbitrage operations in front of the financial restructuring and fell 6 to a new 1984 low of 27p. Among Distributors, Western Motor hardened a few pence to 68p following details of the rationalisation programme.

The prospect of a further cut in clearing bank base lending rates helped leading Properties rally. Land Securities at 304p, retrieved 3 of Thursday's fall of 9, while MEPC hardened a couple of pence to 322p. Elsewhere, London and Edinburgh put on 4 to 198p. Tops Estates, 95p, and Trafford Park, 180p, firmed 5 apiece.

Common Bros remained a sensitive market in the wake of the substantial full-year loss and final dividend omission, shedding 3 more for a two-day slump of 25 to 87p. Consideration of the statement prompted nervous selling of Reardon Smith which dipped 8 to 6p: the A shares closed a penny cheaper at 3p, after 2p.

Textiles traded quietly and without distinction, although Tootal firmed a couple of pence to 64p following a Press mention. R. Smallshaw (Knitwear) gained the turn to 39p on the increased interim profits and dividend.

Tobaccos highlighted Bats, which attracted persistent small support and advanced 11 to 276p.

BP advance

Favourable Press comment on the third quarter results prompted good support for BP which touched 505p before closing a net 13 higher at 503p. Other leading Oils improved throughout the morning but encountered light selling pressure during the afternoon which left many issues with minor losses on balance. Shell, up to 648p initially, retreated to close a couple of pence easier at 643p, while Britoil settled unchanged at 227p, after 231p and Tricentrol 2 off at 21p, the last-named ahead of of the third quarter figures scheduled for Thursday. Burmah Oil continued to attract buyers on bid rumours and moved up to 206p before easing late to close only 3 firmer at 203p.

Irish issues gave ground where changed, with Oliver Prospecting finally 5 lower at 205p, after 190p. Aran eased 3 to 41p.

Renison surge ahead

The high gold values obtained at the Porgera gold prospect in Papua New Guinea by the Renison/MIM Holdings/Placer Development consortium continued to encourage strong buying interest in Renison, the Consolidated Gold Fields subsidiary, which holds a one-third interest in the deposit. Renison followed Thursday's 27 jump with a further 19 gain at 276p, after a year's high of 285p, while the deferred shares raced ahead to close 30 higher at 275p. MIM Holdings, however, failed to arouse any significant enthusiasm on the news and held at 198p, while Placer were quoted at C$25¼, in London, up ¼, having touched C$26¼ in overnight Canadian markets.

The leading Australian diversified mining issues showed minor changes in either direction but Golds and many of the speculative stocks continued to make good progress. Central Norseman Gold were the outstanding performer in Golds and advanced a further 10 to 403p, for a two-day gain of 20, while Gold Mines of Kalgoorlie rose 5 to 455p and Poseidon a couple of pence to 250p. The more speculative issues showed Southern Resources 8 to the good at 95p, and Australian Consolidated Minerals 2½ firmer at a 1984 high of 51½p.

Elsewhere in Australians Meekatharra Minerals remained an active market and dipped to 90p before rallying to close a net 2 firmer at 95p, although still 15 lower over the week.

South African Golds lost ground for the first time this week owing to a combination of light profit-taking, general lack of interest and another uninspiring performance by bullion. The latter closed a net $1.25 up at $345.25 an ounce.

Among the leading issues Randfontein dropped £1½ to £97½, Southvaal £1¼ to £39½ and Doornfontein ⅜ to £18¼. Cheaper priced stocks showed falls of around 20 common to ERGO, 535p and Grootvlei, 822p.

The Gold Mines Index dipped 5.4 to 575.8, reducing the gain on the week to one of 20.4.

Financials moved narrowly, with "Amgold" closing almost a point cheaper at £75¾ and Gold Fields of South Africa ½ off at £13⅝. "Amcoal" eased ½ to £16¼ but retained a week's gain of ¾ following the 28 per cent jump in profits and the increased interim announced on Tuesday.

London Financials managed minor gains in subdued trading. Elsewhere, Cornwall's Geevor Tin rose 5 to a 1984 high of 212p, reflecting hopes of a bid from RTZ, while Malaysia's Ayer Hitam put on 15 to 250p on further consideration of the increased preliminary profits and dividend.

Traded Options finished the week on a relatively subdued note. Total contracts struck amounted to 4,049, comprising 2,755 calls and 1,294 puts. The week's daily average was 5,267. Operators paid particular attention to tobacco issues: Bats attracted 289 calls and 25 puts. Imperial Group recorded 372 calls, the February 140's and February 160's accounting for 100 and 228 trades respectively. A lively two-way business developed in Hanson Trust positions with 308 calls and 121 puts struck. Similar conditions prevailed in Courtaulds which attracted 222 calls and 154 puts. Reflecting the recent excitement in Shippings, P & O Deferred recorded 345 calls amid fresh hopes of a merger with Sterling Guarantee Trust.

FT-ACTUARIES SHARE INDICES

These Indices are the joint compilation of the Financial Times, The Institute of Actuaries and the Faculty of Actuaries

	EQUITY GROUPS & SUB-SECTIONS — Figures in parentheses show number of stocks per section	Fri Nov 16 1984 Index No.	Day's Change %	Est. Earnings Yield% (Max.)	Gross Div. Yield% (ACT at 30%)	Est. P/E Ratio (Net)	Thur Nov 15 Index No.	Wed Nov 14 Index No.	Tue Nov 13 Index No.	Mon Nov 12 Index No.	Year ago (approx.) Index No.	1984 High		1984 Low		Since Compilation High		Since Compilation Low	
1	CAPITAL GOODS (205)	546.73	—	9.43	3.68	13.28	546.96	556.28	558.82	555.47	449.36	558.82	13/11	450.90	12/7	558.82	13/11/84	50.71	13/12/74
2	Building Materials (23)	515.51	+0.2	12.50	4.71	9.91	514.55	516.07	519.79	516.60	439.42	537.59	27/4	402.18	12/7	537.59	27/4/84	44.27	11/12/74
3	Contracting, Construction (30)	721.98	—	13.49	5.42	9.49	722.27	723.51	724.21	721.54	678.04	776.48	25/4	602.70	19/7	831.09	15/3/83	71.48	2/12/74
4	Electricals (14)	1592.36	+0.4	10.34	4.73	12.13	1586.50	1593.39	1600.01	1579.02	1640.78	1802.52	20/3	1404.80	24/7	1909.93	3/6/83	84.71	25/6/62
5	Electronics (34)	1957.48	−0.4	7.20	2.16	17.80	1965.37	2034.24	2049.05	2037.10	0.0	2049.05	13/11	1581.70	31/5	2049.05	13/11/84	1581.70	31/5/84
6	Mechanical Engineering (61)	266.62	+0.2	12.25	4.79	9.78	266.16	267.31	265.87	265.58	194.22	267.31	14/11	212.79	3/1	267.31	14/11/84	45.43	5/1/75
8	Metals and Metal Forming (9)	164.32	−0.6	13.94	7.44	9.00	165.34	168.26	171.55	170.01	156.79	209.74	13/3	153.97	18/10	209.74	13/3/84	49.65	6/1/75
9	Motors (17)	136.81	−0.2	9.88	4.94	—	137.15	138.61	140.52	140.48	109.42	146.06	20/3	112.73	19/7	170.59	15/1/69	19.91	6/1/75
10	Other Industrial Materials (17)	768.46	+0.6	6.36	3.52	19.46	763.65	767.33	767.44	758.34	554.36	768.46	16/11	592.04	13/7	768.46	16/11/84	277.55	15/1/81
21	CONSUMER GROUP (190)	576.27	+1.1	10.13	4.01	12.12	570.05	577.02	579.39	573.99	445.25	579.39	13/11	461.40	3/1	579.39	13/11/84	61.41	13/12/74
22	Brewers and Distillers (23)	546.51	+0.2	11.97	4.64	10.23	545.64	552.58	549.90	541.26	445.66	561.46	2/5	439.89	3/1	561.46	2/5/84	69.47	13/12/74
25	Food Manufacturing (21)	454.43	+0.3	12.46	4.91	10.02	452.96	456.96	459.11	455.91	353.37	459.11	13/11	356.25	12/7	459.11	13/11/84	59.67	11/12/74
26	Food Retailing (12)	1345.62	+1.2	7.17	2.54	18.58	1330.17	1345.87	1362.25	1359.97	1029.08	1377.43	2/11	1057.23	10/2	1377.43	2/11/84	54.25	11/12/74
27	Health and Household Products (9)	948.29	+0.6	6.02	2.78	19.64	942.56	951.61	949.19	943.46	727.19	960.41	2/11	706.26	4/1	960.41	2/11/84	175.38	28/5/80
29	Leisure (23)	631.48	−0.1	8.60	4.88	15.15	632.09	635.49	638.70	632.59	578.02	711.98	20/3	522.19	25/7	711.98	20/3/84	54.83	9/1/75
32	Newspapers, Publishing (13)	1336.54	+0.4	9.09	4.75	14.28	1331.77	1328.27	1337.81	1322.44	977.56	1375.84	2/5	1087.65	3/1	1375.84	2/5/84	55.08	6/1/75
33	Packaging and Paper (14)	265.69	−0.2	13.65	5.32	8.53	266.20	265.55	266.79	265.93	201.63	271.05	2/5	211.47	24/7	271.05	2/5/84	43.46	6/1/75
34	Stores (46)	529.51	+2.2	8.36	3.46	15.79	518.05	529.40	531.78	524.15	411.41	531.78	13/11	388.27	12/7	531.78	13/11/84	52.63	6/1/75
35	Textiles (19)	291.19	+0.3	13.22	4.72	8.72	290.22	292.14	292.21	291.07	225.74	317.42	3/5	243.79	16/7	317.42	3/5/84	62.66	11/12/74
36	Tobaccos (3)	741.05	+3.3	16.97	5.17	6.57	717.58	726.31	739.54	734.35	455.42	770.88	1/11	508.50	5/1	770.88	1/11/84	94.34	13/6/62
39	Other Consumer (7)	493.74	—	13.74	4.40	—	493.70	497.03	501.31	500.66	443.18	501.73	2/11	412.35	24/7	501.73	2/11/84	229.84	28/9/81
41	OTHER GROUPS (88)	504.49	+0.3	9.97	4.15	12.50	502.90	505.01	505.45	501.19	402.32	505.45	13/11	408.65	12/7	505.45	13/11/84	58.63	6/1/75
42	Chemicals (17)	665.02	+0.2	13.36	4.76	9.55	663.66	669.70	670.69	670.75	573.54	677.18	2/11	543.52	13/7	677.18	2/11/84	71.20	1/12/74
44	Office Equipment (4)	144.72	+0.1	7.91	5.34	14.35	144.63	139.77	140.53	140.75	114.25	149.87	14/9	109.30	3/1	246.06	1/9/72	45.34	2/1/75
45	Shipping and Transport (13)	911.78	−1.2	9.33	5.35	13.68	923.13	925.45	920.15	907.55	800.00	930.08	20/3	766.98	12/7	930.08	20/3/84	90.80	29/6/62
46	Miscellaneous (54)	712.10	+0.7	7.84	3.43	15.52	707.27	710.11	710.95	700.71	522.65	712.10	16/11	533.90	4/1	712.10	16/11/84	60.39	6/7/75
49	INDUSTRIAL GROUP (483)	561.86	+0.6	9.89	3.93	12.52	558.48	565.41	567.51	562.90	444.90	567.51	13/11	456.41	12/7	567.51	13/11/84	59.01	13/12/74
51	Oils (17)	1095.67	+1.1	15.89	6.84	7.79	1084.03	1096.08	1088.69	1090.34	923.53	1199.54	21/5	933.37	30/7	1199.54	21/5/84	87.23	29/5/62
59	500 SHARE INDEX (500)	606.46	+0.7	10.81	4.38	11.45	602.38	609.74	611.02	606.95	484.95	611.02	13/11	500.98	24/7	611.02	13/11/84	63.49	13/12/74
61	FINANCIAL GROUP (117)	405.72	−0.2	—	5.45	—	406.44	409.38	408.89	404.74	354.72	409.38	14/11	344.83	31/5	409.38	14/11/84	55.88	13/12/74
62	Banks (6)	404.32	−2.6	21.23	7.15	5.88	414.92	420.96	421.77	417.84	369.62	425.91	25/1	336.01	31/5	425.91	25/1/84	62.44	12/12/74
63	Discount Houses (6)	472.99	+0.1	—	6.47	—	472.67	471.82	476.15	477.55	336.80	479.31	16/4	369.10	12/1	479.31	16/4/84	81.40	10/12/74
65	Insurance (Life) (9)	531.93	+0.4	—	5.10	—	529.80	526.66	528.80	512.92	478.59	557.44	3/2	443.08	31/5	557.44	3/2/84	44.88	2/1/75
66	Insurance (Composite) (7)	300.45	+1.8	—	6.21	—	295.28	296.37	293.56	286.15	246.65	300.45	16/11	247.22	3/1	300.45	16/11/84	43.96	13/12/74
67	Insurance (Brokers) (6)	833.33	—	9.04	4.12	15.42	833.71	835.99	842.12	836.84	609.09	867.24	3/9	610.72	1/3	867.24	3/9/84	65.86	16/12/74
68	Merchant Banks (12)	207.19	−0.2	—	5.04	—	207.58	208.69	207.47	202.87	211.12	251.54	11/4	184.10	24/7	278.57	1/5/72	31.21	7/1/75
69	Property (54)	623.63	+0.5	5.30	3.52	25.28	620.37	627.24	629.16	630.24	504.61	630.24	12/11	520.77	10/2	630.24	12/11/84	56.01	20/4/65
70	Other Finance (17)	248.14	−0.1	12.11	6.19	10.07	248.41	251.06	253.28	252.44	254.57	283.65	30/1	224.07	24/7	303.18	18/5/72	33.29	17/12/74
71	Investment Trusts (105)	548.76	—	—	3.52	—	548.72	550.19	549.75	547.35	450.72	556.10	2/11	457.91	1/6	556.10	2/11/84	71.12	13/12/74
81	Mining Finance (4)	290.72	+0.5	10.68	5.22	11.82	289.36	292.95	298.18	293.55	266.83	337.57	10/4	250.14	24/7	337.57	10/4/84	66.31	30/9/74
91	Overseas Traders (14)	586.23	−0.3	9.97	6.60	12.28	587.70	592.43	596.78	593.67	472.34	607.45	15/10	485.16	12/7	607.45	15/10/84	97.37	6/1/75
99	ALL-SHARE INDEX (740)	554.83	+0.5	—	4.54	—	552.11	558.10	559.09	555.85	452.18	559.09	13/11	464.84	24/7	559.09	13/11/84	61.92	13/12/74
		Index No.	Day's Change	Day's High	Day's Low														
	FT-SE 100 SHARE INDEX	1173.5	+8.6	1174.6	1164.4	—	1164.9	1181.5	1183.7	1175.1		1183.7	13/11	986.9	23/7	1183.7	13/11/84	986.9	23/7/84

FIXED INTEREST

	PRICE INDICES	Fri Nov 16	Day's change %	Thur Nov 15	xd adj. today	xd adj. 1984 to date
	British Government					
1	5 years	118.62	+0.27	118.29	—	10.53
2	5-15 years	132.94	+0.18	132.70	—	12.20
3	Over 15 years	141.57	+0.21	141.28	—	12.18
4	Irredeemables	152.75	+0.12	152.56	—	13.34
5	All stocks	130.97	+0.22	130.68	—	11.72
6	Debentures & Loans	110.24	+0.28	109.94	—	10.19
7	Preference	77.10	−0.07	77.16	—	6.31
	BRITISH GOVERNMENT INDEX-LINKED STOCKS					
8	All stocks	108.13	−0.12	108.25	—	2.44

	AVERAGE GROSS REDEMPTION YIELDS		Fri Nov 16	Thur Nov 15	Year ago (approx.)	1984 Highs		1984 Lows	
	British Government								
1	Low	5 years	10.36	10.41	9.63	12.02	30/7	9.24	17/1
2	Coupons	15 years	10.12	10.13	9.75	11.65	30/7	9.88	9/1
3		25 years	9.73	9.75	9.67	10.98	23/7	9.63	9/1
4	Medium	5 years	10.75	10.80	10.90	13.13	30/7	10.49	13/3
5	Coupons	15 years	10.51	10.52	10.54	12.20	30/7	10.41	9/1
6		25 years	9.93	9.95	10.02	11.53	23/7	9.87	9/1
7	High	5 years	10.79	10.83	11.02	13.18	30/7	10.62	6/3
8	Coupons	15 years	10.67	10.69	10.74	12.30	30/7	10.61	13/3
9		25 years	10.05	10.08	10.12	11.40	23/7	9.98	9/1
10	Irredeemables†		9.58	9.58	9.60	10.84	30/7	9.54	12/11
11	Debs &	5 years	11.57	11.66	11.53	12.99	1/8	11.18	22/3
12	Loans	15 years	11.51	11.57	11.54	13.04	31/7	11.29	29/3
13		25 years	11.45	11.48	11.55	13.10	12/7	11.29	29/3
14	Preference†		12.75	12.74	12.19	13.44	17/7	11.90	7/3
15	Inflation rate	5%	3.41	3.38	3.12	4.02	30/7	3.16	4/1
16		10%	3.21	3.21	2.93	3.82	30/7	2.99	4/1

Equity section or group	Base date	Base value	Equity section or group	Base date	Base value
Other Industrial Materials	31/12/80	287.41	Food Manufacturing	29/12/67	114.13
Other Consumer	31/12/80	238.14	Food Retailing	29/12/67	114.13
Health/Household Products	30/12/77	261.77	Insurance Brokers	29/12/67	96.67
Other Groups	31/12/74	63.75	Mining Finance	29/12/67	100.00
Overseas Traders	31/12/74	100.00	All Other	10/04/62	100.00
Electronics	30/12/83	1646.65	British Government	31/12/75	100.00
Mechanical Engineering	31/12/71	153.84	Do. Index-linked	30/04/82	100.00
Office Equipment	16/01/70	162.74	Debs. & Loans	31/12/77	100.00
Industrial Group	31/12/70	128.20	Preference	31/12/77	76.72
Other Financial	31/12/70	128.06	FT-SE 100 Index	30/12/83	1000.00

† Flat yield. A list of the constituents is available from the Publishers, the Financial Times, Bracken House, Cannon Street, London, EC4, price 15p, by post 28p.

CONSTITUENT CHANGES: Bridgewater Estates (69) has been deleted and replaced by Peel Holdings (69).

OPTIONS

First Dealings	Last Dealings	Last Declaration	For Settlement
Nov 19	Nov 30	Feb 21	Mar 4
Dec 3	Dec 14	Mar 7	Mar 18
Dec 17	Jan 4	Mar 21	Apr 1

For rate indications see end of Share Information Service

Call options were transacted in Applied Botanics, Jonas Woodhead, BSG International, Raybeck, Premier Oil, Johnson and Firth Brown, Riley Leisure, Epicure, Miss World, William Boulton, Johnson Matthey, Combined Technologies, C. H. Bailey and Bristol Channel Ship Repairers. A put was done in Dunlop, but no doubles were reported.

RISES AND FALLS

	Rises	Falls	Same	Rises	Falls	Same
British Funds	90	2	6	251	143	126
Corpns Dom & Foreign Bonds	25	0	53	111	41	238
Industrials	253	220	940	1,623	1,220	4,230
Financial & Props	92	94	344	657	414	1,571
Oils	14	25	87	139	125	366
Plantations	2	1	14	9	15	61
Mines	22	47	111	278	175	447
Others	57	68	83	280	377	380
Totals	555	463	1,638	3,348	2,510	7,419

ACTIVE STOCKS

Above average activity was noted in the following stocks yesterday.

Stock	Closing price	Day's change	Stock	Closing price	Day's change
Assoc Dairies	160	+ 6	Hepworth Ceramic	160	+ 7
BAT Inds	276	+11	Lucas Inds	260	+ 7
Bassett Foods	163	+ 5	Renison	276	+19
BP	503	+13	Shell Transport	643	− 2
Burton	393	+15	Smiths Inds	645	+11
Hanson Trust	271	+ 6	TI	234	+ 9

THURSDAY'S ACTIVE STOCKS

Based on bargains recorded in SE Official List

Stock	No. of changes	Thurs. close	Day's change	Stock	No. of changes	Thurs. close	Day's change
Plessey	16	210	−16	Ultramar	13	237	−13
Racal Electn	14	270	−12	Grand Met	12	310	− 7
Smiths Inds	14	634	−31	LASMO	12	355	− 3
Barclays Bank	13	525	−13	Royal Insce	12	500	+ 2
BP	13	490	− 3	Stand Chrt Bk	12	458	−15
Hambro Life	13	443	+11	GEC	11	224	−10
Johnson Matt'y	13	113xr	− 0	Rank Org	11	274	+13

5-DAY ACTIVE STOCKS

Based on bargains over the five-day period ending Thursday.

Stock	No. of changes	Last Thurs. close	Change on week	Stock	No. of changes	Last Thurs. close	Change on week
Glaxo	102	£10xd	+ ½	BP	75	490	—
Lucas Inds	96	253	+29	Marks & Spen	75	118xd	− 2½
Cable & Wire	91	353	+13	BTR	73	531	+15
Polly Peck	84	250	+20	LASMO	73	355	+30
Burton	82	378	+20	House of Fraser	71	304	+ 2
Johnson Matt'y	77	113xr	−19	Beecham	70	358	− 4
Comm Union	76	169	+ 4	RTZ	70	627	− 4

FINANCIAL TIMES STOCK INDICES

	Nov. 16	Nov. 15	Nov. 14	Nov. 13	Nov. 12	Nov. 9	Year ago
Government Secs	83.35	83.21	83.29	83.43	83.37	82.81	83.15
Fixed Interest	86.32	86.18	86.14	86.17	85.87	85.56	85.77
Industrial Ord	920.0	911.6	915.7	924.3	914.7	900.1	721.4
Gold Mines	576.9	581.9	578.2	565.6	556.0	555.4	400.3
Ord. Div. Yield	4.54	4.58	4.63	4.63	4.67	4.73	4.72
Earnings, Yld.% (full)	11.18	11.27	11.14	11.14	11.15	11.29	9.42
P/E Ratio (net) (*)	10.72	10.63	10.76	10.76	10.79	10.63	13.36
Total bargains (Est.)	19,419	21,657	20,420	23,537	24,250	21,660	17,902
Equity turnover £m.	—	285.45	286.06	380.36	204.09	377.41	349.31
Equity bargains	—	16,883	17,430	18,888	19,674	25,662	18,931
Shares traded (ml)	—	178.2	157.1	208.3	179.9	226.8	119.9

10 am 912.2. 11 am 914.9. Noon 918.4. 1 pm 920.0. 2 pm 920.2. 3 pm 920.4.

Basis 100 Govt. Secs. 15/2/26. Fixed Int. 1928. Industrial 1/7/35. Gold Mines 12/9/55. SE Activity 1974.

Latest Index 01-246 8026.

* Nil = 10.30.

HIGHS AND LOWS

	1984 High	1984 Low	Since Compilat'n High	Since Compilat'n Low
Govt. Secs	83.77 (8/1)	78.78 (30/7)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Int.	87.48 (14/5)	80.43 (30/7)	155.4 (28/11/47)	50.03 (31/1/75)
Ind. Ord.	924.3 (13/11)	755.3 (23/7)	924.3 (13/11/84)	49.4 (26/6/40)
Gold Mines	711.7 (9/3)	485.7 (11/6)	734.7 (15/2/83)	43.5 (26/10/71)

S.E. ACTIVITY

	Nov. 15	Nov. 14
Daily		
Gilt Edged Bargains	140.5	150.2
Equities Bargains	108.4	112.9
Value	577.0	676.2
5-day Average		
Gilt Edged Bargains	168.6	162.4
Equities Bargains	195.0	128.9
Value	656.3	667.9

LEADERS AND LAGGARDS

Percentage changes since December 30, 1983 based on Thursday, November 15, 1984

Tobaccos	+ 38.32	Capital Goods	+ 17.17
Health and H'sehold Products	+ 32.44	Textiles	+ 16.43
Office Equipment	+ 32.32	Property	+ 15.41
Insurance Brokers	+ 29.13	Building Materials	+ 15.05
Other Industrial Materials	+ 26.42	Oils	+ 14.64
Discount Houses	+ 26.13	Shipping and Transport	+ 14.22
Mechanical Engineering	+ 25.08	Investment Trusts	+ 13.73
Brewers and Distillers	+ 24.04	Banks	+ 10.87
Food Retailing	+ 23.88	Motors	+ 10.73
Consumer Group	+ 23.39	Financial Group	+ 10.03
Food Manufacturing	+ 23.21	Other Consumer	+ 7.92
Newspapers, Publishing	+ 22.44	Contracting, Construction	+ 6.06
Packaging and Paper	+ 21.48	Chemicals	+ 5.32
Stores	+ 20.96	Insurance (Life)	+ 4.46
Industrial Group	+ 20.70	Mining Finance	+ 3.23
500 Share Index	+ 19.73	Leisure	+ 2.68
Electronics	+ 19.36	Gold Mines Index	+ 0.96
Other Groups	+ 19.03	Electricals	− 3.05
Insurance (Composite)	+ 18.85	Metals and Metal Forming	− 7.13
Overseas Traders	+ 17.35	Merchant Banks	− 15.08
All-Share Index	+ 17.35		

NEW HIGHS AND LOWS FOR 1984

NEW HIGHS (87)

BRITISH FUNDS (10)

CORPORATION LOANS (1)

LCC 5½pc 1985-87

COMMONWEALTH & AFRICAN LOANS (1)

New Zealand 7½pc 1988-92

FOREIGN BONDS (1)

Iceland 6½pc 1983-88

BANKS (2)

Natl Australia Bank, Prov Financial

BREWERS (1)

Scottish & Newcastle

BUILDINGS (2)

Howard Shuttering, Gleeson (M. J.)

STORES (10)

Body Shop Intl, Do 9½pc Cnv 98-01, Burton, Kent (John), Debenhams, MFI Furniture, Dixons, Our Price, Habitat Mothercare, Superdrug Stores

ELECTRICALS (4)

Dowding & Mills, Microfilm Repro, Intnl Signal & Con, Sarasota Tech

ENGINEERING (4)

Hall (M.), TACE, Martonair, Tex Abrasives

FOODS (2)

Cullen's Stores, Do A

HOTELS (1)

Gartunkels Rest

INDUSTRIALS (15)

Bath & Portland, Do 9¼pcLn 2001-06, Bespak, Photo-Me Intl, China Light, Pitney-Bowes 5½pcLn, Christies Intnl, Plastic Constructions, Fisons, Reuters B, Halma, Scapa Group, Hanson Trust, Spear (J. W.), Do 8pcLn 2004-09

INSURANCE (3)

GRE, Royal Insur

Lon Manchester Grp

NEWSPAPERS (4)

East Mid Allied A, Morgan Comms, Haynes Publishing, Octopus Pub

PAPER (6)

Assoc Paper, Lowe Howard-Spink, Boase Massimi Pol, Page (M.), Fitch, Waddington (J.)

PROPERTY (3)

London & Edinburgh, Tops Estates, Prop Hldg & Inv

TEXTILES (1)

Smallshaw (R.) Knit

TRUSTS (12)

Archimedes Cap, Keystone Inv, Ashdown Inv, M & G Dual Cap, City Commercial Cap, For Invest Cap, Derby Trust Cap, Triplevest Cap, Dualvest Cap, Wemyss, Equity Consort Dfd, Yeoman Inv

OILS (1)

Energy Capital

MINES (3)

ACM, Renison Dfd, Geevor

NEW LOWS (13)

AMERICANS (2)

Damson Oil, IU Intnl

ELECTRICALS (3)

BSR Intnl, Systems Reliability, HB Electronic Comps

FOODS (1)

Blue Bird Confec

INDUSTRIALS (2)

Deck Group, Star Computer

MOTORS (2)

Dunlop, Lex Service

OVERSEAS TRADERS (1)

Boustead

MINES (2)

Anglo-Dominion, Pahang

EQUITIES

Issue price p	Amount paid up	Latest Renunc. date	1984 High	1984 Low	Stock	Closing price p	+ or −	Net Div.	Times covered	Gross Yield	P.E. Ratio
§116	F.P.	9/11	168	136	Addison Comms. 2p	168	......	bg1.4	3.8	1.2	31.7
§140	F.P.	[illegible]	[illegible]	[illegible]	Alida [illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
§87	F.P.	[illegible]	[illegible]	[illegible]	Appledore A.&P. 10p	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

FIXED INTEREST STOCKS

Issue price £	Amount paid up	Latest Renunc. date	1984 High	1984 Low	Stock	Closing price £	+ or −
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

"RIGHTS" OFFERS

Issue price p	Amount paid up	Latest Renunc. date	1984 High	1984 Low	Stock	Closing price p	+ or −
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

هكذا صدر الأصل

STOCK EXCHANGE DEALINGS

Details of business done shown below have been taken with consent from last Thursday's Stock Exchange Official List and should not be reproduced without permission.

Details relate to those securities not included in the FT Share Information Services.

Unless otherwise indicated, denominations are 25p and prices are in pence. The prices are those at which the business was done in the 24 hours up to 3.30 pm on Thursday and settled through the Stock Exchange Talisman system; they are not in order of execution but in ascending order which denotes the day's highest and lowest dealing prices.

For those securities in which no business was recorded in Thursday's Official List, the latest recorded business in the five previous days is given with the relevant date.

‡ Bargains at special prices. ♦ Bargains done the previous day. Δ Bargains done with non-member or executed in overseas markets.

STERLING ISSUES BY FOREIGN GOVTS. & INTNL. INSTITUTIONS

CORPORATION & COUNTY

UK PUBLIC BOARDS

COMMONWEALTH GOVT.

FOREIGN STOCKS (coupons payable in London)

STERLING ISSUES BY OVERSEAS BORROWERS

BANKS, DISCOUNT

BREWERIES

COMMERCIAL, INDUSTRIAL

INSURANCE

INVESTMENT TRUSTS

FINANCIAL TRUSTS

MINES—MISCELLANEOUS

MINES—SOUTH AFRICAN

OIL

PROPERTY

PLANTATIONS

RAILWAYS

SHIPPING

UTILITIES

WATER WORKS

UNLISTED SECURITIES MARKET

Kenvon Secs 195 (13/11)
Klark-Teknik New (5p) (Fp/AL-7/12/84) 107 8 9 9 12 3
Media Technology Intnl New (20p) (Fp LA-23/11/84) 14 5 6 7 8
Monument Oil & Gas (5p) (Fp/AL-11/1/85) 28 7 ½ 8 9 30 1
Paul Michael Leisurewear (5p) 27 8 (9/11)
Petrolex (5p) 57 80
Plasmec New (10p) (Fp/LA-14/12/84) 73 4 5
Share Drug Stores (10p) 189 (14/11). New (10p) (Fp/AL-10/12/84) 188 90 1
Spectra Automotive & Eng Prods (10p) 46 (14/11)
Synterials (10p) 36
T & S Stores (5p) 112
Thorpac Gp (5p) 75 6
Tops Estates 7½pcLn 2014 (Fp/AL-8/1/85) £116 (12/11)
UDD Hldgs New (10p) (Fp/AL-30/11/84) 123 4
Utd Friendly Insurance B (10p) 285 (13/11)

RULE 535 (4) (a)

Bargains marked in securities where principal market is outside the UK and Republic of Ireland. Quotation has not been granted in London and dealings are not recorded in the Official List.

ACI Intnl 130 (12/11)
Aberfoyle 610♦ (12/11)
Actinor AS NK 174½ (13/11)
Aetna Life and Casualty £28 (9/11)
AECI Ord 330 (D/11)
Air Express Intnl 850 (15/11)
Alliance Oil Devpt 70 ½
Aust Oil and Gas 81♦ (14/11)
Avco Corp US$38♦ (13/11)
Base Res 93
Basic Res Intnl (Bahamas) 50♦ (12/11)
Beach Pet 47 (14/11)
Bearcat Explns 95
Beatrice Co Inc £23¼ (9/11)
Berjuntal Tin Dredg 135 (9/11)
Bligh Oil and Mins 64♦

Walker (Hiram) Resources £14♦ (14/11)
Western Union Corp US$14♦
Westfield Minerals 110 (14/11)
Westfort Petroleum 14
Westgrowth Petroleum 35 (12/11)
Westinghouse Electric £19½D
Weyerhaeuser £21¼ (13/11)
Wheelock Marden A 38
Woolworths (A$0.50) 185 (13/11)
World Intnl (Hldgs) 14½ (12/11)
Zona Petroleum 508 (14/11)

RULE 535 (2)

Applications granted for specific bargains in securities not listed on any exchange.

Abbey National Bldg Soc 10½pcBds due 19/12/84 £99.844pc .849pc
Airships Inds 5 ½ 6
Airships Inds (1p) 5
All England Lawn Tennis Gnd £80Dbs 1981-85 £1,750 1,800 (D/11)
All England Lawn Tennis Gnd £500Dbs 1986-90 (£2,875 Pd) £5000 50 (14/11)
Amal Metal Corp (£1) 291 5
Ann Street Brewery (£1) 370 (D/11)
Arden and Cobden Hotels 6pcPf (50p) 20 (9/11)
Border TV A NV (10p) 40 50 (15/11)
Business Mortgages Tst 125 (15/11)
Cannon St Invs (20p) 12
Central ITV (50p) 223 8
Channel Hotels and Props (10p) 72 4
Church Hsng Ass 2½pcLn £10 ½ (9/11)
CIC Inv (1p) ½ (14/11)
Clayton Aniline 7¼pcLn 1985-90 £88pc ¼pc
Crown Intnl Products (10p) 45 (15/11)
Crusts (10p) 112½ 8 20 2 (12/11)
Dart Valley Light Rlwy (£1) 83 90 (15/11)
Dolamore New (10p) (F.P.) 27½ 8 (9/11)
Edenspring Invs (1p) 2 ½
Hydro Hotel (Eastbourne) (£1) 235
ICE (1p) 810 5
Intnl Embargos (10p) 145
Inv Tst of Guernsey 5pcPf (£1) 35 (14/11)
Island Garages (10p) 15
Jennings Bros 164 5 (15/11)
Jersey New Waterworks 10pcMtgDbBds 1988-90 £98 (14/11)
Kunick Leisure (10p) 29 ½
Lazard Prop Unit Tst £2.170 (9/11)
Leisure Instruments (10p) 13 14
Le Riches Stores (£1) 410 23
Manchester Utd FC (£1) 360 2
Memcom Intl (10p) 225 30 5 40
Merrett (10p) 129½ 30 (8/11)
Newbury Racecourse (£100) 620 40
Newgate Tst (5p) 3½ (15/11)
Norton Villiers Triumph (10p) 5½ 6
Oil and Gas Expln (10p) 30 (12/11)
Ouvah Highlands (£1) 100 5
Pahang Invs 35 ½ (14/11)
Pex 11.75pcRedPf (£1) 109½ (9/11)

Southern Newspapers (£1) 290 5 (12/11)
Star Offshore Services (50p) 34½ 5 (12/11)
Sutton Harbour Improvement 380 (9/11)
Sutton Harbour Improvement 3½pcPf 8 (15/11)
Sutton Harbour Improvement 4pcPf 6½ (15/11)
Sutton Harbour Improvement 3½pcRent Red (1959 Act) £14 (13/11)
Taddale Invs (10p) 26 7½ (14/11)
Unit Trust and Credit (£1) 250 5 (15/11)
Villiers Hotel 8pcRPf (50p) 24 (D/11)
Villiers Hotel 7pcRedPf (£1) 57 (9/11)
Weelabix A (Non-Vtg) 110
Welsh Inds Inv Tst (3p) 27 8 30 (14/11)

RULE 535 (3)

Dealings for approved companies engaged solely in mineral exploration.

Kenmare Oil Expln IR 8
Voyager Petroleum (UK) (10p) 43 (9/11)

(By permission of the Stock Exchange Council)

LONDON TRADED OPTIONS

Nov. 16. Total Contracts. 4,049 Calls 2,755. Puts 1,294.
* Underlying security price.

EUROPEAN OPTIONS EXCHANGE

TOTAL VOLUME IN CONTRACTS: 22,110
A=Ask B=Bid C=Call P=Put

ECONOMIC DIARY

MONDAY: Gross domestic product (output-based) (third-quarter preliminary). CBI/FT survey of the distributive trades (end-October). Rebel miners take legal action against Yorkshire NUM. Austin Rover takes legal action against unions over pay strike. Mr Richard Luce, Foreign Office Minister, visits Iraq.

TUESDAY: Cyclical indicators for the UK economy (October). EEC political co-operation meeting in Brussels. British Telecom prospectus published. Dr Mario Soares, Portuguese Prime Minister, visits London (until November 23). U.S. third-quarter GNP.

WEDNESDAY: Construction—new orders (September). Mr Neil Kinnock, Labour Party leader, begins visit to Russia (until November 26). EEC Economic and Social Committee in plenary session in Brussels (until November 22). U.S. consumer prices (October).

THURSDAY: Balance of payments current account and overseas trade figure (October). EEC Cultural, Steel and Industry Councils meet in Brussels. Mr Ian MacGregor, National Coal Board chairman, to address Harvard Business School Club management symposium in Paris.

FRIDAY: Finished steel consumption and stock changes (third-quarter provisional). Sales and orders in the engineering industries (August). Sir Terence Beckett, Director-General of the CBI, to make announcement. Deadline for applications for new banking licences in Australia.

FT UNIT TRUST INFORMATION SERVICE

AUTHORISED UNIT TRUSTS

Abbey Unit Tst. Mngrs. (a)
1-3 St Paul's Churchyard, EC4P 4DX 01-236 1933

High Income				
Gilts & Fixed Int.	115.0	122.5	+0.4	9.80
High Inc. Equity	65.2	69.4	....	6.48
Worldwide Bond	149.8	159.4	+0.4	6.09
Capital Growth				
American Growth	114.7	122.0	+0.1	1.96
Assets & Earngs. Tst.	65.1	69.6		2.23
Capital Reserve	55.9	59.2	+0.2	0.75
Commodity & Engy.	[illegible]	37.5	+0.1	2.70
General	97.6	104.4	-0.1	2.91
Japan	162.4	173.7	+2.2	0.00
UK Growth	[illegible]	65.9	+0.1	2.56
Acc. Units	[illegible]	93.1	+0.2	2.53
U.S. Emerging Co's	48.6	51.7	-0.1	0.50
Equitas Prog.	142.0	151.9	+0.2	3.88

Aitken Hume
30, City Road, EC1Y 2AY. 01-628 6620

American Tech Fd.	114.1	122.1	....	0.20
Exempt	109.7	127.6	....	—
Pacific Fd.	132.1	141.3	+0.5	0.40
Secured Income Fd.	122.7	132.3	+0.2	5.88
Special Sits.	151.3	161.8	+0.2	1.55
Energy Fd.	33.2	36.2	-0.2	6.60
American Majors	51.1	54.7	+0.2	2.70
Small Co's Fd (10for1)	26.9	28.7	....	2.26
Jap Technology	65.0	69.5	+0.4	0.20

Allied Unit Trusts Limited (a)(g)
Allied Hambro House, Hutton, Brentwood, Essex
Brentwood. (0277) 211459 & 229123

Balanced Trusts and Income Trusts				
First Trust	147.3	156.1	+0.1	4.63
Growth & Income Tst.	94.0	99.6	+0.1	3.96
Capital Trust	176.7	187.3	....	3.02
Balanced Trust	259.2	274.8	+0.3	3.90
Accum. Trust	377.1	399.7	+0.7	3.56
American Income	25.9	27.5	....	4.55
High Income Trust	163.3	173.1	+0.1	5.69
Equity Income Trust	90.8	96.3	+0.1	5.91
High Yield Trust	106.8	113.2	-0.1	6.92
Govt. Secs. Trust	28.6	29.9	+0.2	9.63
International Trusts				
International Trust	61.1	64.9	+0.2	1.52
Japan Trust	63.6	67.4	+0.3	0.01

Britannia Group—Continued

General Funds				
Dr. Grants (Domestic)	28.4	30.3	+0.1	3.36
Exempt Funds				
Exempt	291.3	309.0	-0.9	4.75
Ex. Mkt. Lors.	58.6	61.4	+0.3	2.50
NEL Trusts				
Nelstar Gilt & F.I.	66.9	68.6	+0.3	9.44
Nelstar High Income	53.7	56.5	+0.1	6.79

Brown Shipley & Co. Ltd. (a)(g)
9-17 Perrymount Rd, Haywards Hth 0444 458144

B.S. Fund	44.7	48.1	+0.1	4.57
B.S. Accum.	71.3	76.7	+0.1	4.57
Financial	83.7	89.6	-0.1	3.53
Growth Accum.	109.7	101.0	+0.2	2.02
Growth Income	95.6	106.0	+0.1	2.02
High Income	42.9	46.7	....	6.58
Income	47.0	50.4	-0.2	5.52
North American	47.4	51.0	-0.1	1.51
Orient	47.6	51.1	+0.3	0.20
Recovery	24.1	25.9	-0.2	4.08
Technology	143.0	153.8	-0.3	0.53
Exempt	141.0	152.1	-0.4	0.19

Buckmaster Management Co. Ltd. (a) (c)
The Stock Exchange, EC2P 2JT. 01-588 2868

General Inc Nov 8	145.6	153.1	....	3.63
Accum Units Nov 8	221.7	233.2	....	3.63
Income Nov 14	72.0	76.0	....	5.55
Accum Units Nov 14	116.0	124.4	....	5.55
Intl November 13	100.3	105.3	....	2.34
(Accum Units) Nov 13	129.8	136.3	....	2.34
Smaller Co's Nov 2	848.5	908.8	....	1.38
(Accum Units) Nov 2	884.7	947.6	....	1.38

Canada Life Unit Trust Mngrs. Ltd.
2-6 High St, Potters Bar, Herts. P Bar 51122

Can. Gen Dist.	82.5	86.9	+0.3	3.06
Do. Gen. Accum.	124.6	131.2	+0.5	3.06
Do. Income Dist.	56.0	58.9	....	6.46
Do. Inc. Accum.	107.0	112.7	+0.2	6.46
Gilt & Fxd. Int. Trust	35.1	36.9	+0.2	—

Cannon Fund Managers Ltd. (z)
1, Olympic Way, Wembley, HA9 0NB. 01-902 8876

Growth	198.3	211.0	-1.3	3.78
Income	227.1	241.6	-1.2	5.27
Far East	117.3	124.8	-0.2	0.63
North American	105.8	112.6	-0.3	2.12

Capel (James) Mngt. Ltd.
100, Old Broad St, EC2N 1BQ. 01-588 6010

Capital	225.2	237.1	....	2.88
Income	171.5	180.6	....	5.61

[illegible]

INSURANCES

[illegible]

INSURANCE, OVERSEAS & MONEY FUNDS

Midland Bank Tst Corp (Jersey) Ltd
28-34, Hill st, St Helier, Jersey. 0534 36281

MdBkOsGl	105.8	188.0	+0.2	11.32
MdOkIntBd	$1.07	1.08xd	....	7.34

Minerals Oils Res Shrs Fd Inc
PO Box 104, St Helier, Jersey. 0534 27441

MoresN15	$11.74	12.09	....	3.31

Samuel Montagu Ldn Agents
114, Old Broad St, EC2. 01-628 3434

MtAmEgIn(z)	83.0	88.7xd	+0.4	5.37
MtJapInc(z)	61.2	70.7	+0.1	4.38
MontGlInc(z)	50.5	55.0	....	10.13
MtStRO38	15.04	15.05	....	—
MtInCr14	59.68	18.18	....	—
MtSIRNv6	£15.01	18.02	....	—
ApNv14	SF182.45	105.58	−7.4	1.22
JoNv15	HK$43.50	47.08	−0.47	0.18
MF8NM14	$10.09	18.11xd	....	—
MFRNFN7	$10.00	18.09xd	....	—

Murray Johnstone (Inv Adviser)
163, Hope St, Glasgow, C. 041-221 5521

USFIFNv6	$11.13	11.72	....	—
HpeStv13	$63.85	72.85	....	—
MurFdN15	$19.27	20.52	....	—
PacFdNov14	$4.10	4.38	....	—

NEL International Ltd
PO Box 119, St Peter Port, Guernsey, C.I.

SterlingDep	76.5	80.6	....	—
SterlFxdInt	66.4	81.0	....	—
SterlingMan	84.5	102.7	....	—
IntlFxdInt	101.8	110.8	....	—

Nat Westminster Jersey Fd Mgrs Ltd
23/25 Broad St, St Helier, Jersey. 0534 70041

Intl Mangd	102.5	110.4	....	—
HnInFd(a)(10)	54.6	57.6xd	....	18.53
EqtyFd(a)(b)	98.7	108.0	....	2.11
IntBdFd(4)*	77.7	80.0	....	8.87

*Sub day every 7 days.

County Bank Currency Fund (z)

Dollar Class	$22.9905	+0.0082	—
Sterling Class	£17.5560	+0.0052	—
D-Mark Cl	DM55.4051	+0.0058	—
DutchGldrCl	DFl53.3E51	+0.0859	—
Jap Yen Cl	Y5,414.8383	+0.7584	—

Nagit BA
10a Boulevard Royal, Luxembourg.
NAV $9.10 .... —

Newport International Management
Bank of Bermuda Bldg, Bermuda. 800 298 4000

NpInsec	$15.71	—	....	—
NpIntcF	$14.58	—	....	—
NpIPacInc	$12.31	—	....	—

Norcap Fund Managers (Bermuda) Ltd
Bank of Bermuda Bldg, Bermuda. 888 298 4800

AmericanTst	$7.86	8.27	+0.04	—

Normandy Trust Managers Ltd
29, Athol St, Douglas, IoM. 0624 28688

NmdyMc	£0.991	1.0452	....	2.09
NdyCmT	£1.2699	1.3368	....	2.00
CmbrCrG	£0.7640	0.8043	....	2.00

Northgate Unit Tst Mngrs (Jersey) Ltd
PO Box 82, St Helier, Jersey. 0534 75741

PcFdNov15	12.08	13.81	....	—

Pacific Basin Fund
10a Boulevard Royal, Luxembourg.

Taiwan (ROC) Fund
c/o Vickers da Costa Ltd, King William St, London, EC4. 01-623 2494
NAV $445. IDR value US$11,303.02.

Target Trust Mngrs (Jersey) Ltd
PO Box 194, St Helier, Jersey. 0534 72058

Man Car Fd	103.2	108.8	+0.2	0.23

Tennant (Cayman) Managers Ltd and

NATICO
PO Box 2109, Grand Cayman. 0101 (809) 8497456

Watmr Com	$8.33	8.79	....	—

Tokyo Pacific Holdings NV
Intimis Management Co NV, Curacao.
NAV per share $156.27.

Tokyo Pacific Hldgs (Seaboard) NV
Intimis Management Co NV, Curacao.
NAV per share $100.90

Tyndall Bank (Isle of Man) Ltd
58, Athol St, Douglas, IoM. 0624 29201

Stg Mny Fd	—	—	....	8.875
US$ Mny Acc	—	—	....	8.75

Tyndall Managers
2 New St, St Helier, Jersey. 0534 37331/5

TOFSL	190.2	204.4	....	7.22
American	205.2	21.6	....	1.51
Far Eastern	253.8	271.8	....	8.82
European	112.2	120.1	....	8.83
PrtfloMan	102.5	110.2	....	—
Prtflo$IAmr	88.2	107.2	....	—
Prtflo$IFEst	104.8	111.0	....	—
Prtflo$Euro	105.8	113.0	....	—
Jersey Fd	170.8	185.8xd	....	5.85
(Nn-JacUts)	416.8	454.8	....	—
Gilt Fund	115.6	118.8	....	9.87
(Accm Shs)	315.0	320.4	....	—

Victory House, Douglas, IoM. 0624 24111

High Inc Gilt	112.4	114.2xd	....	12.19
(Accm Shs)	215.2	210.4	....	—

Tyndall International Assurance Ltd
Albert House, St Peter Port, Guernsey 0481 27066

Int Eqty	427.5	458.8	....	—
Do $	5.400	8.685	....	—
Pacific Eqty	131.3	158.5	....	—
Do $			....	—
N Amr Eqty	91.6	98.5	....	—
Do $	1.195	1.228	....	—
UK Equity	280.5	314.5	....	—
Do $	5.770	3.070	....	—

FT LONDON SHARE INFORMATION SERVICE

BRITISH FUNDS

"Shorts" (Lives up to Five Years)

1984 High	Low	Stock	Price £	+ or –	Yield Int.	Red.
105¾	101¼	Treas. 15pc 1985	101¼	+¼	14.81	9.50
102⅛	100	Exch. 12pc Cnv. '85	100⅝	+⅛	11.90	9.48
97	93¾	Treas 3pc 1985	97xd	+¼	3.09	9.31
103⅝	99½	Treas 11½pc 1985	101	+⅛	11.39	9.79
99¼	96⅛	Treas 8¼pcCnv '85	99⅛	+⅛	8.82	9.78
104⅞	99⅞	Exch. 12¼pc 1985	102⅛xd	+⅛	11.96	9.66
103⅞	99⅛	Exch. 11½pc '86	102⅛	+⅛	11.48	9.67
102⅞	96¼	Treas. 10pcCnv 1986	100⅛	+⅛	9.96	9.69
92¼	88¼	Treas 3pc 1986	92¼xd	+¼	3.25	8.64
102	96¼	Exch. 10½pc Cv '86	100⅞xd	+⅛	10.41	9.87
104⅞	99¼	Treas 12pc 1986	102⅞xd	+⅛	11.66	9.95
98¼	93⅛	Treas 8½pc 1984-86‡‡	97⅛	+⅛	8.70	10.04
108⅞	102¼	Exch. 14pc 1986	106⅞	+¼	13.10	10.04
88⅛	85	Exch. 2½pc 1986	88⅛xd	+⅛	2.84	9.15
107⅞	100⅞	Exch. 13¼pc 1987	105⅝	+¼	12.54	10.23
100⅞	94½	Treas 10¼pcCv '87	99⅞	+⅛	10.26	10.23
86½	83¼	Exch 2½pc 1987	86½	+¼	2.89	9.22
101⅞	94½	Exch. 10½pc 1987	100⅛	+⅛	10.45	10.27
92⅞	87	Funding 6½pc '85-87‡‡	92⅞	+⅛	7.04	10.15
99⅝	92⅞	Treas. 10pc 1987	99⅛xd	+⅛	10.08	10.39
85	81⅞	Treas 3pc 1987	84⅞	+⅛	1.33	9.59
105	97¼	Treas. 12pc 1987	103⅞	+⅛	11.55	10.50
94⅞	87⅞	Treas 7¼pc 1985-88‡‡	93¼	+⅛	8.32	10.30
100¼	92⅞	Exch 10½pc '88	100	+¼	10.50	10.52
98⅛	89⅞	Treas 9¾pc Cv '88	97⅝xd	+⅛	9.98	10.58
82	77	Transport 3pc '78-88	79⅞	+⅛	3.76	9.73
96⅞	88⅛	Treas. 9½pc '88	96⅛	+⅛	9.86	10.54
106¼	94⅞	Treas 11½pc 1989	102⅞	+¼	11.19	10.66
96⅞	87⅞	Treas 9½pc Cnv. '89	96⅝	+⅛	9.83	10.47
99⅝	90⅞	Treas 10½pc 1989	99⅝xd	+⅛	10.54	10.61
100⅛	88⅞	Exch.10pc 1989	97¼	+⅛	10.27	10.72
101⅛	94¼	Exch 11pc 1989	101⅛	+¼	10.84	10.68
85¼	77½	Treas 5pc 1986-89	81¼	+⅛	6.17	9.44

Five to Fifteen Years

1984 High	Low	Stock	Price £	+ or –	Yield Int.	Red.
115¼	108¼	Treas 11pc 1990‡‡	113¼	+¼	11.90	10.60
110⅞	100¼	Exch. 12½pc 1990	108¼	+¼	11.71	10.80
94⅛	84⅞	Treas 8¼pc 1987-90‡‡	91xd	+¼	9.01	10.28
98⅞	90⅝	Treas. 10pcCv 1990	97⅛	+⅛	10.34	10.76
109¼	94¾	Treas 11¾pc 1991	108⅛	+¼	11.31	10.94
84¼	75⅝	Funding 5¾pc '87-91‡‡	83	+¼	6.99	9.51
105¾	93⅝	Exch. 11pc 1991	101⅛	+⅛	10.89	10.79
113	98⅞	Treas 12¾pc 1992‡‡	113	+⅛	11.72	10.92
100⅝	86	Treas 10pc 1992	99	+⅛	10.36	10.67
101	94⅛	Treas 10½pc Cv 1992‡‡	100⅞	+¼	10.61	10.69
111⅛	95⅛	Exch 12¼pc '92	109⅛	+⅛	11.50	10.97
117½	106⅛	Exch 13½pc 1992	114⅞	+¼	11.95	11.02
113¼	98⅛	Treas 12½pc 1993‡‡	113	+⅛	11.51	10.92
79⅛	71⅛	Funding 6pc 1993‡‡	79⅛	+⅛	7.67	9.74

Over Fifteen Years

Undated

Index-Linked

INT. BANK AND O'SEAS GOVT STERLING ISSUES

CORPORATION LOANS

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Public Board and Ind.

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FOOD, GROCERIES, ETC

HOTELS AND CATERERS

HOTELS—Continued

INDUSTRIALS (Miscel.)

MINES—Continued

1984 High	Low	Stock	Price	+ or −	Div Net	C'vr	Y'ld Gr's
		Central African					
280	145	Falcon Z50c	150	...	0100c	♦	38.9
17	8	Wankie Col. Z$1	9½		—	—	—
21	14	Zam.Cpr.SBD0.24	14½		—	—	—
		Australians					
51½	23	♥ACM 50c	51½	+2½	—	—	—
38	17	♥Allstate Expl'n. NL	28	...	—	—	—
10½	3½	♥Asia Oil & Minerals	4	...	—	—	—
19½	12	♥Aust. Hydrocarbons NL	18	...	♦—	—	—
28	13½	♥Australis Mng N.L.	16		—	—	—
45	15	♥Balmoral Res	22		—	—	—
36	18	♥Black Hill Mins	24	...	—	—	—
119	77	♥Bond Corp	116	−1	Q10c	♦	0.2
177	90	♥Bougainville 1 Kina	134	...	‡Q16.4c	1.2	‡
406	276	♥CRA $2	374	+2	†Q12c	1.5	2.2
86	44	♥Carr Boyd 20c	69	...	—	—	—
40	18	♥Central Kalgoorlie	21	...	—	—	—
43	20	♥Central Pacific	33		—	—	—
4¼	2½	♥Cons Gld Mg Areas NL	3¼		—	—	—
8½	4½	♥Coopers Res. NL	6½	...	—	—	—
26	8½	♥Cultus Pac NL	10¼		—	—	—
14½	6½	♥Eagle Corp 10c	6½		—	—	—
280	160	♥Emperor Mines	195		—	—	—
16½	7½	♥Endeavour 20c	10½		—	—	—
32	22	♥Enterprise Gld	30		—	—	—
35	18	♥Forsayth Oil Gas	25		—	—	—
62	52	♥Gem Exp & Minerals	50		—	—	—
765	355	♥GM Kalgoorlie 25c	455	+5	Q30c	♦	4.7
24½	13	♥Great Eastern Mns	17		—	—	—
55	19	♥Great Victoria Gold	40		—	—	—
18	7	♥HMC Aust NL 20c	7	−½	—	—	—
22	8½	♥Haoma NW	13½		—	—	—
40	20	♥Hill Minerals N L	29		—	—	—
35	32	♥Indian Ocean (1982)	15		—	—	—
10½	4½	♥Ivanhoe Gld NL	6½		—	—	—
42	31	♥Jingellic Mnls	42		—	—	—
21	8	♥Kalbara Min 20c	12		—	—	—
12½	7½	♥Kia Ora Gold N L	10½		—	—	—
142	58	♥Kitchener NL 25c	142		—	—	—
120	22	♥Meekatharra 25c	95	+2	—	—	—
50	21	♥Metals Ex 50c	35		—	—	—
210	128	♥Metana Minerals N L	185	−5	—	—	—
46	30	♥Metramar Mins 20c	37	−3	—	—	—
252	157	♥MIM Hldgs 50c	198		Q5c	0.7	1.8
5	3	♥Minefields Expl 25c	3½		—	—	—
43	30	♥Newmetal 20c	33		Q6c	2.4	11.9
213	128	♥North B Hill 50c	155		Q4c	1.5	4.1
83½	35	Nth. Kalgurli	44		—	—	—
67	45	♥Oakbridge 50c	51		‡Q7c	1.5	‡
50½	26	♥Otter Expl'n. NL	35		—	—	—
96	60	♥Pancont'l 25c	88		—	—	—
7½	4	♥Pan Pacific Pet NL	6		—	—	—
82	38	Paringa Mng/Exp 5p	76		—	—	—
394	254	♥Peko-Wallsend 50c	382	−2	GQ9c	♦	0.8
15½	8	♥Pelsart Res NL	13½		—	—	—
21	12	♥Portman Mining NL	17		—	—	—
18	11	♥Queen Margaret Gold	16		—	—	—
200	150	♥Renison 50c	276	+19	Q10c	0.4	2.5
285	145	♥Do. Opt'd	275	+30	—	—	—
46	28	♥Samantha Expl'n. NL	36		—	—	—
31	11½	♥Samson Expl'n. NL	13½	+½	♦—	—	—
82	36	♥Sellrust 50c	40	...	—	—	—
66	25	♥Sons Gwalia NL	66		—	—	—
22	12	♥Sthn. Goldfields	19½		—	—	—
16	8¼	♥Southern Pacific	13		—	—	—
133	57	♥Southern Res	95	+8	—	—	—
8½	5½	♥Southern Ventures 25c	5½	−¼	—	—	—
42	12	♥Spargos Expl'n	28		—	—	—
23	10	♥Swan Res 20c	11		—	—	—
		For Tuna Res see NMC Aust.					
43	29	♥Utd Goldfields NL	33		—	—	—
16½	8½	♥West Coast 25c	10	−¼	—	—	—
11	8	♥Western Cm 50c	11	...	—	—	—
286	180	Westn. Mining 50c	235		Q4c	—	1.2
272	154	♥Whim Creek 20c	180		Q5c	♦	1.9
23	10	♥Windsor Res NL	16	...	—	—	—
36	11	♥York Resources	14	...	—	—	—
		Tins					
310	210	Ayer Hitam $M1	250	+15	vQ140c	♦	19.1
212	138	Geevor	212	+5	12.0	2.2	8.1
275	160	Gopeng Berhad M$0.50	160	...	$0.20	♦	4.0
£10	575	Hongkong	650#	...	—	—	—
23	11	Jantar 12½p	11	...	0.5	—	6.5
76	50	Malaysia Mng. 10c	51	...	vQ6c	2.6	3.9
56	41	♥Pahang	41	−1	B—	—	—
950	500	Pengkalen 10p	750	...	—	—	—
550	280	Petaling $M1	280	...	vQ130c	♦	15.3
385	250	Sungei Besi $M1	265	−15	‡vQ75c	0.9	‡
68	50	♥Supreme Corp M$1	55	...	vhQ3½c	♦	2.2
475	240	Tanjong 15p	310	...	g3.5	—	1.6
210	145	♥Tongkah H. Tin $M1	210#	...	vQ23c	1.2	0.8
410	245	Tronoh $M1	260	...	‡vQ65c	1.4	‡
		Miscellaneous					
75	55	♥Anglo-Dominion	55	...	—	—	—
75	32	♥Anglo Utd. Dev.	36	+2	—	—	—
370	210	♥Centennial Min'ls.	300	...	—	—	—
175	80	♥Colby Res Corp.	95	−5	—	—	—
955	550	Cons. Murch. 10c	575	...	†Q100c	1.4	8.6
36	25	✣Ennex Int. Ir10p	34	...	—	—	—
252	160	Hampton Areas 10p	177	...	3.75	2.1	2.8
225	140	♥Highwood Res.	200	...	—	—	—
£24½	£16	Homestake Mining $1	£20½	−⅛	Q20c	—	0.5
235	135	♥McFinley Red Lake	200	+10	—	—	—
240	101	♥Musto Explorations	200	...	—	—	—
55	23	♥New Sabina Res C$1	30	...	—	—	—
365	220	Northgate C$1	295	−5	—	—	—
718	500	RTZ	630	+3	†18.0	2.7	4.1
£155½	£123½	Do. 9½pcLn '95-2000	£138	...	Q9½%	35.4	0.1
£11¼	850	♥Tara Expln $1	925	...	—	—	—

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation and unrelieved ACT where applicable; bracketed figures indicate 10 per cent or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution; this compares gross dividend costs to profit after taxation, excluding exceptional profits/losses but including estimated extent of offsettable ACT. Yields are based on middle prices, are gross, adjusted to ACT of 30 per cent and allow for value of declared distribution and rights.

- ● "Tap Stock".
- ●+ Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents on application.
- ♦ Figures or report awaited.
- ♥ Not officially UK listed; dealings permitted under Rule 535(4)(a).
- ✣ USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- †† Dealt in under Rule 535(3).
- # Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividend or forecast.
- ♦ Merger bid or reorganisation in progress.
- ♣ Not comparable.
- ♠ Same interim: reduced final and/or reduced earnings indicated.
- § Forecast dividend; cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ★ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ∏ No par value.

B.Fr. Belgian Francs. Fr. French Francs. ¶¶ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock. a Tax free. b Figures based on prospectus or other offer estimate. c Cents. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend: cover based on previous year's earnings. v Subject to local tax. x Dividend cover in excess of 100 times. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1983-84. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1984. K Figures based on prospectus or official estimates for 1984. M Dividend and yield based on prospectus or other official estimates for 1985-86. N Dividend and yield based on prospectus or other official estimates for 1985. P Figures based on prospectus or other official estimates for 1983. Q Gross. T Figures assumed. Z Dividend total to date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xc ex capital distribution.

REGIONAL & IRISH STOCKS

The following is a selection of Regional and Irish stocks, the latter being quoted in Irish currency.

Albany Inv 20p	86	...	Arnott	160xd	...
Craig & Rose £1	£11	...	CPI Hldgs	55	...
Finlay Pkg. 5p	42	...	Carroll Inds.	118	...
Higsons Brew	85	...	Dublin Gas	65	...
Holt (Jos) 25p	890	...	Hall (R. & H.)	40	...
IoM Stm. £1	110	...	Heiton Hldgs.	15½	...
IRISH			Irish Ropes	35	...
Exch. 12% 1985	£99	+⅛	Jacob (W.& R.)	64xd	...
Nat. 9¾% 84/89	£83½	−¼	TMG	67	...
Fin. 13% 97/02	£88½	−1	Unidare	77	...

OPTIONS — 3-month call rates

Industrials	p				
Allied-Lyons	15	Hawker Sidd	38	Vickers	18
BOC Grp	24	Hse of Fraser	28	Woolworth Hldg	50
BSR	15	ICI	50		
Babcock	13	'Imps'	14	**Property**	
Barclays Bank	42	Jaguar	18	Brit Land	14
Beecham	38	Ladbroke	20	Cap Counties	18
Blue Circle	46	Legal & Gen	42	Land Secs	24
Boots	18	Lex Service	32	MEPC	30
Bowaters	16	Lloyds Bank	42	Peachey	24
Brit Aerospace	34	'Lofs'	1¼	Samuel Props	14
BAT	22	Lucas Inds	24	Sterling Guar.	5½
Brown (J.)	3	'Mams'	14		
Burton Ord	32	Marks & Spcr	10	**Oils**	
Cadburys	14	Midland Bk	33	Brit. Oil & Min	4½
Comm Union	15	NEI	9	Brit Petroleum	38
Courtaulds	11	Nat West Bk	54	Burmah Oil	19
Debenhams	19	P & O Dfd	24	Charterhall	6
Distillers	24	Plessey	20	Premier	6
Dunlop	5	Racal Elect	29	Shell	55
FNFC	7	RHM	10	Tricentrol	22
Gen Accident	42	Rank Org Ord	24	Ultramar	22
Gen Electric	20	Reed Intnl	50		
Glaxo	90	Sears	7	**Mines**	
Grand Met	26	TI	18	Charter Cons	21
GUS 'A'	55	Tesco	8	Cons Gold	42
Guardian	58	Thorn EMI	42	Lonrho	14
GKN	16	Trust Houses	12	Rio T Zinc	60
Hanson Tst.	22	Turner Newall	9		
		Unilever	80		

A selection of Options traded is given on the London Stock Exchange Report page.

"Recent Issues" and "Rights" Page 30

This service is available to every Company dealt in on Stock Exchanges throughout the United Kingdom for a fee of £700 per annum for each security.

FINANCIAL TIMES
Saturday November 17 1984

Brittan plans for end of pit strike

BY JOHN LLOYD, INDUSTRIAL EDITOR

THE GOVERNMENT is already planning its strategy for the end of the mining dispute, and is stressing the theme of reconciliation.

It will subsidise the movement of isolated working miners from striking areas to areas like Nottinghamshire, where most miners have remained working, once the dispute has ended.

Mr Leon Brittan, the Home Secretary, said last night: "We will have to consider very carefully exactly how we can repair the damage that has occurred."

Ministers are taking heart from the return to work figures, which now show a stronger flow of miners abandoning the strike. The National Coal Board said that 372 "new faces" reported for work yesterday, taking the full week's total to more than 5,000.

The board's Christmas bonus offer of up to £650 payable in the week before Christmas remains available to all miners returning throughout next week.

Mr Neil Kinnock, the Labour leader, has set in train a number of appearances designed to boost support for the miners. He will appear at a rally in Stoke on Trent on November 30 and has invited Mr Arthur Scargill, president of the National Union of Mineworkers, to speak with him and with other party leaders.

In a letter to Mr Scargill, Mr Kinnock said it was "obviously necessary to keep on presenting the case for coal, in order to increase public understanding of the economic and social cost and waste of the policies of mass closures."

The rally will be relatively small: the ball booked in Stoke holds 1,400 and entrance will be by ticket only. This compares with crowds of over 5,000 at each of the five rallies organised by the NUM over the past week.

Mr Kinnock met delegates from the four pit lodges in his Islwyn constituency yesterday and was able to defuse criticism of him from union activists for not joining NUM rallies and for his comments on picket line violence.

Mr Bill Gode, the NUM's Gwent area agent, said after the two-hour meeting that the Labour leader had said his views had been misreported, and that a motion of support of Mr Kinnock as Labour leader, and as next prime minister, was unanimously carried.

Mr Kinnock said after the meeting that nothing would be gained by holding a ballot. "When you are committed to a battle you don't stop and worry what should have happened in the first five minutes," he added.

The Labour leader pledged himself to observe a picket line on his return from his forthcoming visit to the Soviet Union; to meet the South Wales NUM executive; and to take part in a rally organised by the NUM in Gwent.

The Government has moved to avoid further controversy over Mr Ian MacGregor, the NCB chairman. It announced in the Commons yesterday that payment of the next instalment of the "transfer fee" owing to Lazard Freres, the U.S. investment bank, will be deferred, probably until the middle of next year.

The transfer fee for Mr MacGregor, a partner in Lazard, could total as much as £1.8m. This was to be made up of an initial fee of £675,000 and two further "performance" payments to a maximum of £1,150,000. The latter payments were to have been based on the performance of the British Steel Corporation, of which Mr MacGregor was chairman before taking over the NCB.

The dispute between the NCB and the pit deputies' union, Nacods, at the Scottish pits of Killoch, Monktonhall and Seafield was settled after talks at the pits yesterday.

The union had said that some 400 of is members at the pits had not been paid after refusing to cross hostile picket lines — the issue which almost precipitated a strike three weeks ago. Nacods said last night that the board had met all of its demands.

• Mr Brian Dawson, an NUM member from Sunderland, became the first known case of expulsion from the union for crossing picket lines. The Durham NUM area disciplinary committee yesterday voted to expel him for returning to work at Wearmouth pit. Decisions on three other members working at the pit were adjourned.

More miners' dispute news, Page 4

MAN IN THE NEWS

A very traditional model

BY PETER RIDDELL

MR CRANLEY ONSLOW is the new chairman of the 1922 committee of Conservative backbench MPs largely because he is not Mr Edward du Cann. Indeed, Mr Onslow's victory in Thursday's elections was primarily a vote against Mr du Cann after a record 12 years as chairman.

Mr Onslow won in much the same way as Mrs Thatcher ousted Mr Edward Heath a decade ago. Like her, he was the first to dare to challenge the accepted leader and similarly benefitted from all the grievances that had developed over the years. He put down a marker by unsuccessfully standing against Mr du Cann last year and in Thursday's elections he rapidly picked up support after emerging as clearly the strongest of the four challengers in the first ballot. Who dares wins is, after all, not a bad Conservative motto.

Mr du Cann lost because he outstayed his welcome. Like an old music hall trooper he tried the familiar tricks once too

often — the protestations of loyalty to the leadership combined with barbed criticism, the hints of retirement at some unspecified time in the future. The audience's tastes had changed and they wanted a new face.

Mr Onslow offers a more conventional type of leadership—Harrow, Oxford, the Hussars, the Foreign Office (with more than a hint of secret work). 20 years in the Commons representing Woking, on the backbenches and twice a minister, as well as an indefatigable committee man. Now aged 58, he has been interested particularly in aviation and foreign affairs matters, and was a successful chairman of the cross-party defence select committee of the Commons. He is regarded as being on the centre/right of the Conservative Party, though very much an independent man.

In short, Mr Onslow is the very model of a traditional 1922 chairman. The job involves acting as a spokesman for backbenchers in their worries and concerns as reflected both in the corridors of Westminster and at the committee's weekly meetings (at which one noted Westminster wit observed, the first three speakers are always mad or bad, or both). The chairman supplements the work of the Whips office and has direct access to the party leader. Indeed one of the criticisms of Mr du Cann is that he was not entirely trusted in this respect and spent too much time as a shop steward for MPs pay and conditions.

Mr Onslow is likely to be less opaque and ambiguous than Mr du Cann. Indeed, he earned credit with fellow MPs last year when he left the Government in protest at the sacking of his boss Mr Francis Pym as Foreign Secretary. Mr Onslow's friends were saying yesterday that he would represent backbench opinion forthrightly, banging the table on occasion. He is the type of man described by his colleagues as "sound" and having "bottom." These talents will be tested by the growing Tory backbench concern over unemployment.

The party leadership deliberately kept in the background during the contest but there have been some signs that few tears will be shed over the result. Mr du Cann may have been one of Mrs Thatcher's strongest supporters when she was elected but his candid advice—most recently that she should have a deputy—began to grate.

However, some of the fun of politics will go with Mr du Cann's departure. His self-mocking tone will be missed, as reflected in the apocryphal story about his reply to being asked the time—"what time would you like it to be, dear boy?" Such stories are unlikely to be told about Mr Onslow.

Electrolux poised to buy Zanussi

BY JAMES BUXTON IN ROME

ELECTROLUX, the Swedish domestic appliance and industrial group, at last appears poised to take over Zanussi, the troubled Italian appliance manufacturer, in a deal which will eventually cost Electrolux more than L400bn (£172m). The takeover will make Electrolux the largest single home appliance maker in Europe, with roughly a quarter of the market.

The last of a series of obstacles to the deal was cleared at a meeting which lasted into the early hours of yesterday. The Italian trade unions accepted an offer which appears to give the Swedish company the right to make extra cuts in the labour force, which it originally had said it would not make.

Both the Italian and foreign creditor banks of Zanussi have now agreed on the different packages under which they will reschedule and partially write off Zanussi's existine debts of $560m (£446m). The banks should complete these agreements next week.

The takover itself should be approved at a meeting of Zanussi's shareholders on December 14.

Electrolux is to pay L100bn for 49 per cent of the new capital of Zanussi. In addition, it will subscribe to a convertible bond issue for L100bn through which it will eventually gain 75 per cent of the Zanussi's equity. It has committed itself to putting in L300bn in new investment over three years.

The remaining shares in Zanussi will be divided between the regional government of Friuli, in north-east Italy, where most of Zanussi's plants are situated; Fiat, the largest private Italian industrial group; Mediobanca, the Milan merchant bank; Banca Nazionale del Lavorno; Banca Commerciale Italiana; and Zanussi itself.

It will have taken Electrolux about a year to take control of Zannssi, one of the largest private Italian companies. Despite its good brand image, Zanussi has lost money heavily in recent years and piled up debts because of mismanagement and a disastrous programme of diversifying into electronic products.

The takeover has been prolonged because of the need to overcome political opposition to the sale, to establish that there was no satisfactory Italian alternative to the Electrolux solution, to reach agreement with creditor banks, to placate the unions, and settle other problems.

Earlier this week, Electrolux told the unions that it could not, after all, adhere to a commitment given in August to keep job losses at Zanussi within the limits agreed last year with Mr Umberto Cuttica, the previous chairman of the company. That plan involved cutting the Italian labour force by 5,600 people from last year's level of 24,000 within three years.

On Thursday night Sir Renato Altissimo, the Minister of Industry, had to intervene in a meeting between the unions and representatives of Electrolux and Zanussi. Electrolux eventually agreed to use the old plan as the "parameter" of a new employment plan which it will present by next April.

Guinness buys health spas group

By Lisa Wood

THE IDEA that Guinness is good for you took on new meaning yesterday when the brewing and retailing group entered the fast growing health and fitness market by paying £3m for Champneys Group, owners of health spas at Tring, Herts, and Stoho Castle, Scotland.

The company brings to Arthur Guinness & Son a name already branded on a number of products and which Guinness, with its drinks brand name, sees as having strong potential in international markets.

Champneys, with an annual turnover of about £2.6m was owned by Grovewood Securities, part of the Eagle Star Insurance Group, which bought it in 1978 for about £2.7m, but this took in other purchases including a nursing home.

Over the past two years, since Mr Ernest Saunders became Guinness chief executive the group has either sold or closed about 150 of its 250 operating companies in an attempt to pull out of an earlier unsuccessful diversification programme.

Attention has been paid to strengthening the management and marketing activities in the principal businesses, brewing, retailing and publishing. Group pre-tax profits for the six months to the end of March rose by almost £5m on a year before to £29.2m.

The acquisition, earlier this year, of Martin The Newsagent, with its 500 stores, marked the end of the retrenchment period.

Guinness stressed yesterday that Champneys was not a one-off acquisition in the health and fitness sector. It had identified that area as having excellent growth potential.

Champneys, said Guinness, was the "best name" in the sector and was well placed to exploit growth in goods and services associated with fitness.

Background, Page 3

Inflation rate up to 5% in October

BY MAX WILKINSON, ECONOMICS CORRESPONDENT

INFLATION EDGED up last month to an annual rate of 5 per cent compared with 4.7 per cent in September, according to official figures issued yesterday. It is expected to fall again next month, however, as a result of the 1 percentage point cut in mortgage interest rate due to take effect in December.

Yesterday's figures, from the Employment Department, showed a rise of 0.6 per cent in the Retail Price index last month to 357.7 (1974=100).

The rise reflected increased prices for beer (up 4p a pint on average) and petrol (up 4½p a gallon), and some increase mortgage interest payments and housing repair costs.

In the three months to October, prices rose at a rate which would be equivalent of 7 per cent if it continued for a year. This compared with an equivalent annual rate of 2 per cent only in the previous three months.

This change, however, mainly reflected the rise in mortgage interest rates in August. This added an estimated 0.8 per cent to the Retail Price index. This rather artificial boost to inflation is expected to be temparary only. There is no expectation in whitehall of any marked acceleration of inflation in the next few months.

Yesterday Mr Tom King, Employment Secretary, said a lower inflation rate next month was expected to bring the average for the last three montha of the year down to the 4.8 per cent forecast by the Treasury on Monday.

In his Autumn Statement then, Mr Nigel Lawson, the Chancellor, predicted the inflation rate would edge down slightly to 4.5 per cent by the end of next year.

The inflation rate for May, which is used for uprating pensions and other benefits, is expected by the Treasury to be 4.8 per cent.

Mr King said yesterday that though the UK inflation rate was lower than it had been, it was still higher than rates in main competitor countries.

"To compete against America, or Germany or Japan we must compete on price, and that means getting our unit wage costs down much lower," Mr King said.

Figures from the Paris-based Organisation for Economic Co-operation and Development this week show that in the 12 months to September consumer prices rose by 4.2 per cent in the U.S., 2.3 per cent in Japan, 1.5 per cent in West Germany, 7.1 per cent in France and 9.9 per cent in Italy.

Public sectnr borrowing rise, Page 3
Editorial Comment, Page 24

CHIEF PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated)

RISES		
Treas. 15½pc 1998	£134¼	+ ½
Assoc. Dairies	160	+ 6
BAT Inds.	276	+ 11
Barton Transport	175	+ 50
Bassett Foods	163	+ 5
Bath & Portland	282	+ 6
Burton	393	+ 15
Cullen's Stores	410	+ 45
Debenhams	210	+ 12
Dixons	384	+ 9
Hambro Life	455	+ 12
Hanson Trust	271	+ 6
Hepworth Ceramic	160	+ 7
Intl. Sig. & Control	282	+ 10
Royal Insce.	517	+ 17
Smiths Inds.	645	+ 11
Spear (J. W.)	118	+ 11
TI	234	+ 8
BP	503	+ 13
Ayer Hitam	250	+ 15
Geevor Tin	212	+ 5
Renison	276	+ 19
FALLS		
Dunlop	27	− 6
Lloyds Bank	510	− 20
Raybeck	29	− 4
Reardon Smith	6	− 8

WORLDWIDE WEATHER

UK today: Misty start. Sunny intervals developing, mostly in W. Dull in E. Rather cold.

		Y'day midday °C	°F			Y'day midday °C	°F			Y'day midday °C	°F			Y'day midday °C	°F
Ajaccio	R	12	54	Dallas		—	—	Madeira		—	—	Perth	F	18	64
Algiers	C	19	66	Dublin	F	7	45	Madrid	S	17	63	Prague	C	2	36
Amsdm.	C	4	39	Dbrvnk.	R	14	57	Majorca	C	19	66	Rykjvk.	F	5	41
Athens	R	12	54	Ednbgh.	C	7	45	Malaga	C	17	63	Rhodes	C	21	70
Bahrain	S	27	81	Faro	C	18	64	Malta	S	19	66	Rio J'o†		—	—
Barclna.	F	15	51	Florence	C	15	59	M'chstr	Fg	2	36	Rome	C	16	61
Beirut	F	23	73	Frankfr.	C	4	39	Melbune.		—	—	Salzbg.	S	6	43
Belfast	C	5	41	Geneva	R	6	43	Mx. C†		—	—	S'cisco†	C	12	54
Belgrd.	C	5	41	Gibrltr.	F	17	63	Miami†	F	17	63	Singapr.	F	31	88
Berlin	C	−2	28	Gl'sg'w	F	7	45	Milan	R	9	48	S'tiago†		—	—
Biarritz	F	11	52	G'rnsey	C	8	48	Montrl.†	R	6	43	Stckhm.	S	5	41
Bmghm.	C	2	36	Helsinki	Fg	−1	30	Moscow	F	−3	27	Strasbg.	C	5	41
Blackpl.	C	5	41	H. Kong	F	25	77	Munich	C	0	32	Sydney	S	21	70
Bombay	S	33	91	Innsbrk.	F	13	55	Nairobi	F	24	75	Tangier	C	17	63
Bordx.	F	12	54	Invrnss.	C	6	43	Naples	F	17	63	Tel Aviv	S	23	73
Boulgn.	C	7	45	I.o.Man	C	9	48	Nassau		—	—	Toronto	S	22	72
Bristol	C	3	37	Istanbul	R	12	54	Nwcstl.	R	7	45	Tokyo	R	15	59
Brussels	C	7	45	Jersey	C	8	46	N Delhi	S	25	77	T'r'nto†	Sn	2	36
Budpst.	Sl	2	36	Jo'burg	R	18	65	N York†	C	11	52	Tunis	S	22	72
Cardiff	C	4	39	L. Plms.	F	20	68	Nice	R	10	50	Valencia	C	18	64
Cape T.	S	23	73	Lisbon	R	17	63	Nicosia	S	19	66	Venice	C	10	50
Chicg.†	F	−5	23	Locarno	R	8	46	Oporto	F	14	57	Vienna	R	1	34
Cologne	F	5	41	London	R	5	41	Oslo	C	1	34	Warsaw	C	3	37
Cpnhgn.	S	4	39	L. Ang†	F	12	54	Paris	C	8	46	Zurich	C	6	43
Corfu	S	19	66	Luxmbg.	C	3	37	Peking	S	13	55				

S—Sunny. Sl—Sleet. Sn—Snow. T—Thunder.
C—Cloudy. D—Drizzle. F—Fair. Fg—Fog. H—Hail. R—Rain.
S—Sunny. Sl—Sleet. Sn—Snow. T—Thunder.
† Noon GMT temperatures.

BT issue Continued from Page 1

on Trade and Industry, accused the Government of undervaluing BT, and claimed it was selling over £16bn of public assets for less than £4bn.

The British Telecom Unions Committee described the sale as "the sting of the century," said the Government was selling to the public something it already owned, and claimed that services would detriorate and jobs vanish.

Mr Jacomb said yesterday: "We think that the issue will be over-subscribed." But he denied that it was under-priced.

The strength of demand for BT shares was due to expectations that the flotation would be a success, and would not necessarily affect the price after dealing began, he said.

Brokers have been asked to sign agreements that they will ensure that none of their clients makes multiple applications for BT shares. The accountants Peat Marwick Mitchell have been appointed by the Government to "police" the flotation.

All cheques accompanying applications may be cashed as soon as they are received, a prospect which it is hoped will discourage stags—investors who apply for more shares than they want to hold, in the expectation of quick profits when dealings begin. The Government plans to limit to 10 per cent the amount of BT's total equity which individual subscribers may buy at issue.

In an unusual attempt to attract the small investor the stockbrokers Quilter Goodison plan to set up booths to distribute BT prospectuses to shoppers at 24 Debenhams department stores in various parts of the country.

Welcome Continued from Page 1

Swiss Bank Corporation which is leading the Swiss syndicate, and is one of the European banks which has underwritten a small part of the domestic share offering, has been allocated 90m shares, 55 per cent of which will be placed with Swiss investors.

The allocation is said by Swiss bankers to have been "over-subscribed several times," and most banks have had to introduce a rationing system.

West German banks report a surge of interest in BT shares by their customers, after a slow start. They feel certain that final demand will far outstrip supply.

Frankfurt bankers waxed almost lyrical over the sale, and stressed that "nearly everything" was right about it—price, with a fairly low pound against the D-Mark, conditions and the high dividend yield.

THE LEX COLUMN

Telecom jamming the Exchange

It should all be all right on the night. Ticket prices for the Telecom spectacular have been set at a level which almost guarantees a full house and, if anything, the impresarios should now be worrying about embarrassing queues at the box office. But, to judge from the suppressed elation at Kleinwort Benson's offices yesterday afternoon, they are actually not much worried about anything at all.

With over a fortnight to go until first dealings, the confidence displayed in every quarter of the City yesterday was quite remarkable. No underwriter needs reminding of how sentiment turned against Enterprise Oil at the last moment and in the case of British Telecom the stakes—both political and commercial—are immeasurably greater.

Yet, short of a disclosure that telephone receivers are carcinogenic, it is difficult to imagine anything leaving BT undersubscribed at a price of 130p per share. But for the implicit guarantee to the institutions of a yield above 7 per cent and the overriding political objectives of the whole exercise, the price would most certainly have been set higher.

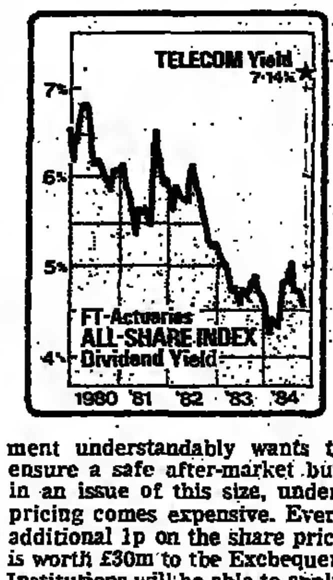
The issue's sponsors have admittedly enjoyed an exceptional run of good luck over the past month. The FT-All Share Index has risen 3.9 per cent since the pathfinder prospectus was published three weeks ago, giving the institutions every cause to regret the caution they expressed about underwriting demand during the summer. At a rough guess, they would be happy to take half as much again as was on offer yesterday. And, in the unlikely event that small shareholders need any further chivvying, the Government can easily enough engineer a base rate cut to underline the attractions of a 7.14 per cent yield.

But the Government could not sell £3.9bn of equity on luck alone and, even at this distance from the offer for sale, Telecom looks an impressive achievement in corporate finance. Yesterday morning's underwriting reaffirmed the depth and breadth of the London equity market in resounding fashion, while both the pathfinder prospectus and the use of priority allocations as a carrot to the institutions seem to have been vindicated by events.

The one nagging doubt must be about the price. The Government understandably wants to ensure a safe after-market but, in an issue of this size, underpricing comes expensive. Every additional 1p on the share price is worth £30m to the Exchequer. Institutions will be able to apply for the £1.52bn of equity available through white forms but, with employees and private investors receiving priority treatment, their pickings may be small. On the assumption that employees subscribe for close to their full allocation, the general public will need to find a down-payment of under £500m *in order to clear the available* stock. Given that a standard offer for sale or a series of National Savings certificates can attract double that amount in subscriptions, the new share-owning democracy may not be needed after all.

If the institutions are confined to their priority allocations, they will be materially underweight in Telecom. New York may prove a ready seller at a premium of 10p or more but many private UK investors will be reluctant to sell—at least until allotment letters have been received. Fears of an embarrassing premium may be overdone—as they were with Jaguar—but there is at least a chance that stags could do very tidy business with the institutions on day one.

Index rose 8.4 to 920.0



Chartism

Whatever the implications for BT, the new highs recorded by the market this week have undoubtedly been causing greater bemusement among the City's chartist fraternity. The FT-30 Share index's previous peak in May was sandwiched on the charts between sharp moves up and down with a more modest rally to either side — as clear a cueas most technical analysts would ever wish to see for hitting the sell button. The subsequent recovery, though, could still prove only a minor setback for chart analysis, which has been attracting a conspicuously wider City audience for a year or two past.

London's institutional investors have traditionally regarded the technical analyst's whole bag of tricks as a more or less baseless fabric. Ascending Triangles, Flags, Rounded Tops and all the rest of the critical chart patterns are still thought by the sceptics to vanish all too easily, given any abrupt change in the fundamental background. But then, the story of the dollar's rise has left most fundamental economic analysis looking at least equally insubstantial. In fact, many chartists have run rings around the economists in the foreign exchange markets — and the enthusiasm for charts appears to have been spreading from there into equities.

The growing volume of futures trading in London has had a similar influence. Futures markets in the U.S. have always drawn heavily on technical analysis and many a UK gilts dealer, previously scornful of charts, has returned a chastened man from initiation courses in Chicago. And the equity market has had its own, more direct exposure to the same black arts as a result of the increasingly global nature of fund management.

The City seems most unlikely to attract the high priests of chartism so prominent in New York and Tokyo. The Stock Exchange provides inadequate information on trading volume and has too few indices to support, for example, any application of classical Dow Theory. Nor does the UK — even after BT — have quite the size of retail market for shares which *provides such a demand for* technical analysis in the U.S. and the Far East.

Those not averse, however, to mixing graph analysis of stock prices with a pragmatic eye for the underlying fundamentals of the stock, might be deemed chartists of a prospering low church. The last few months will not have enhanced their reputation for picking long term trends; but most would probably settle anyway for being seen as a useful aid to short term analysis of the London market.